

**COPY**

**-Application**

**ADI d/b/a**

**Southern Sports**  
**Medicine**

**CN1401-002**

TRAUGER & TUKE  
ATTORNEYS AT LAW  
THE SOUTHERN TURF BUILDING  
222 FOURTH AVENUE NORTH  
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January 14, 2015

***VIA HAND DELIVERY***

Ms. Melanie Hill  
Executive Director  
Health Services & Development Agency  
502 Deaderick Street, Ninth Floor  
Nashville, Tennessee 37243

RE: Advanced Diagnostic Imaging, P.C. d/b/a  
Southern Sports Medicine Institute  
Certificate of Need Application

Dear Ms. Hill:

Enclosed for filing please find the original and four (4) copies of the above-referenced certificate of need application on behalf of my client Advanced Diagnostic Imaging, P.C. d/b/a Southern Sports Medicine Institute. Also enclosed is a check for the filing fee in amount of \$3,000. Please date stamp one (1) copy of the certificate of need application and return it to me.

Thank you for your assistance.

Very truly yours,

  
Byron R. Trauger

BRT:kmn

Enclosures

cc: Thomas L. Gautsch, M.D. (via email)  
Ryan D. Brown, Esq. (via email)

8729

SOUTHERN SPORTS MEDICINE INSTITUTE, PLLC

P.O. BOX 1886  
570 HARTSVILLE PIKE  
GALLATIN, TENNESSEE 37066  
(615) 452-3320

FIRST STATE BANK  
87-864-841

113115

MSDA

PAY TO THE  
ORDER OF

Three Thousand

\$ 3000

DOLLARS



*[Signature]*

AUTHORIZED SIGNATURE

MEMO

⑈008729⑈ ⑆064108647⑆ 92083021⑈

SOUTHERN SPORTS MEDICINE INSTITUTE, PLLC

8729

1. **Name of Facility, Agency, or Institution**

Advanced Diagnostic Imaging, P.C. d/b/a  
Southern Sports Medicine Institute  
Name  
570 Hartsville Pike  
Street or Route  
Gallatin  
City  
TN  
State  
Sumner  
County  
37066  
Zip Code

2. **Contact Person Available for Responses to Questions**

Byron R Trauger  
Name  
Trauger and Tuke  
Company Name  
222 Fourth Avenue North  
Street or Route  
Nashville  
City  
Attorney  
Association with Owner  
Esq.  
Title  
btrauger@tntlaw.net  
Email address  
TN  
State  
37219  
Zip Code  
615-256-8585  
Phone Number  
615-256-7444  
Fax Number

3. **Owner of the Facility, Agency or Institution**

Advanced Diagnostic Imaging, P.C. d/b/a Advanced Health Partners  
d/b/a Southern Sports Medicine Institute  
Name  
570 Hartsville Pike  
Street or Route  
Gallatin  
City  
TN  
State  
615-452-3320  
Phone Number  
Sumner  
County  
37066  
Zip Code

4. **Type of Ownership of Control (Check One)**

- A. Sole Proprietorship \_\_\_\_\_  
B. Partnership \_\_\_\_\_  
C. Limited Partnership \_\_\_\_\_  
D. Corporation (For Profit) **XX** \_\_\_\_\_  
E. Corporation (Not-for-Profit) \_\_\_\_\_  
F. Government (State of TN or \_\_\_\_\_  
Political Subdivision) \_\_\_\_\_  
G. Joint Venture \_\_\_\_\_  
H. Limited Liability Company \_\_\_\_\_  
I. Other (Specify) \_\_\_\_\_

### **3. Owner of the Facility, Agency or Institution**

**Response:** The applicant, Advanced Diagnostic Imaging, P.C. (“ADI”) is a Tennessee professional corporation that employs many physicians around the Middle Tennessee area; it is regarded as a “group practice” under Stark regulations. Advanced Health Partners is a registered assumed name that ADI uses to refer to its medical practice as a whole at all locations, and therefore also listed in the published LOI. When physicians join ADI, they practice at their practice location where they historically have practiced and typically use their prior practice name as a d/b/a. This CON application anticipates Dr. Gautsch joining the Southern Sports Medicine Institute to ADI, with the desire to continue already approved and existing MRI services at that practice location. When Dr. Gautsch joins ADI, he will continue to practice at his Gallatin location, and as part of ADI will use Southern Sports Medicine Institute as a d/b/a of ADI when referring to his practice location. Once joined, and with approval of this CON application, the name “Southern Sports Medicine Institute” will be registered with the TN Secretary of State as an additional assumed name of ADI, the new CON owner, pursuant to the provisions the Tennessee Business Corporation Act, and with the consent and release by Dr. Gautsch, the current registered agent/user.

### **4. Type of Ownership Control**

**Response:** Advanced Diagnostic Imaging, P.C. is a Tennessee professional corporation. It is 100% owned by TN licensed physicians, none of whom own a 5% or greater ownership interest. No healthcare institutions own an ownership interest in Advanced Diagnostic Imaging.

5. **Name of Management/Operating Entity (If Applicable)**

N/A

Name \_\_\_\_\_

Street or Route \_\_\_\_\_

County \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

6. **Legal Interest in the Site of the Institution (Check One)**

- |                            |           |                          |       |
|----------------------------|-----------|--------------------------|-------|
| A. Ownership               | _____     | D. Option to Lease       | _____ |
| B. Option to Purchase      | _____     | E. Other (Specify) _____ | _____ |
| C. Lease of <u>5</u> Years | <u>XX</u> |                          |       |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- |   |       |   |           |
|---|-------|---|-----------|
| A. Hospital (Specify) _____   | _____ | I. Nursing Home                                 | _____     |
| B. Ambulatory Surgical Treatment<br>Center (ASTC), Multi-Specialty    | _____ | J. Outpatient Diagnostic Center                 | _____     |
| C. ASTC, Single Specialty   | _____ | K. Recuperation Center                          | _____     |
| D. Home Health Agency   | _____ | L. Rehabilitation Facility                      | _____     |
| E. Hospice  | _____ | M. Residential Hospice                          | _____     |
| F. Mental Health Hospital   | _____ | N. Non-Residential Methadone<br>Facility        | _____     |
| G. Mental Health Residential<br>Treatment Facility                    | _____ | O. Birthing Center                              | _____     |
| H. Mental Retardation Institutional<br>Habilitation Facility (ICF/MR) | _____ | P. Other Outpatient Facility<br>(Specify) _____ | _____     |
|   |       | Q. Other (Specify) <u>Physician group</u>       | <u>XX</u> |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- |  |           |                                      |           |
|--|-----------|--------------------------------------|-----------|
| A. New Institution   | _____     | G. Change in Bed Complement          | _____     |
| B. Replacement/Existing Facility   | _____     | [Please note the type of change      |           |
| C. Modification/Existing Facility  | _____     | by underlining the appropriate       |           |
| D. Initiation of Health Care<br>Service as defined in TCA §<br>68-11-1607(4) | _____     | response: <u>Increase, Decrease,</u> |           |
| (Specify) <u>MRI</u>   | <u>XX</u> | <u>Designation, Distribution,</u>    |           |
| E. Discontinuance of OB Services   | _____     | <u>Conversion, Relocation]</u>       |           |
| F. Acquisition of Equipment  | _____     | H. Change of Location                | _____     |
|  |           | I. Other (Specify) _____             | <u>XX</u> |
|  |           | <u>Continue existing</u>             |           |

**9. Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

		<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	N/A	_____	_____	_____	_____	_____
B. Surgical		_____	_____	_____	_____	_____
C. Long-Term Care Hospital		_____	_____	_____	_____	_____
D. Obstetrical		_____	_____	_____	_____	_____
E. ICU/CCU		_____	_____	_____	_____	_____
F. Neonatal		_____	_____	_____	_____	_____
G. Pediatric		_____	_____	_____	_____	_____
H. Adult Psychiatric		_____	_____	_____	_____	_____
I. Geriatric Psychiatric		_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric		_____	_____	_____	_____	_____
K. Rehabilitation		_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)		_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)		_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)		_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)		_____	_____	_____	_____	_____
P. ICF/MR		_____	_____	_____	_____	_____
Q. Adult Chemical Dependency		_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency		_____	_____	_____	_____	_____
S. Swing Beds		_____	_____	_____	_____	_____
T. Mental Health Residential Treatment		_____	_____	_____	_____	_____
U. Residential Hospice		_____	_____	_____	_____	_____
<b>TOTAL</b>		_____	_____	_____	_____	_____

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 3372986 (ADI)  
 Certification Type Private Physician's Group Practice

11. Medicaid Provider Number 3372986 (ADI)  
 Certification Type Private Physician's Group Practice

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? YES If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

**Response:** Currently, Southern Sports Medicine Institute contracts with United Healthcare Community Plan (Americhoice). ADI contracts/participates in all TennCare MCOs operational in the service area as of January 1, 2015, on an in-network basis. These include Amerigroup, United Healthcare Community Plan (Americhoice), TennCare Select, and BlueCare. With the granting of this CON, and the joining of SSMI to ADI, SSMI too will be in-network in these additional TennCare MCOs under ADI's existing contracts, and enrollees will gain expanded in-network access to these MRI services. With the granting of this CON application, the 37 radiologists employed by ADI will now read the MRI images. As employees of ADI, they also are all in-network with all of these MCOs.

## **SECTION B: PROJECT DESCRIPTION**

***I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.***

**Response:**

Patients who seek care at Southern Sports Medicine Institute, virtually always come to see us because they are in pain and/or have limited mobility and function due to new or chronic joint injury. SSMI specializes in the care of orthopedic and sports injuries. Often the use of MRI technology greatly facilitates the determination of a diagnosis and formulation of a treatment plan for the patients we see.

In 2001, CON #CN0110 – 088A was granted to Thomas L. Gautsch, M.D., PC "...in the office of, and in conjunction with the practice of Southern Sports Medicine Institute . . . Limited to orthopedic extremity MRI" to obtain the first office based, open scanner of its kind in Middle Tennessee. Since then, we have been able to offer our patients the benefits, ease and convenience of medically necessary MRI scans in a fully open scanner, right in our office, often on the same day as their initial visit with our Doctors.

Now, in concert with evolving changes in healthcare, Southern Sports Medicine Institute is formally joining with other physicians as part of the multi-specialty physician group Advanced Health Partners. Outwardly, neither the d/b/a name SSMI nor the practice will change significantly. Southern Sports Medicine patients will continue to be seen and treated in the same way, in the same office. They will continue to have their Doctor visits, X-rays, Physical Therapy, and MRI scans here as they always have. However, joining SSMI into AHP (ADI) and its larger range of contracts will allow a broader scope of patients within our service area to be seen at Southern Sports Medicine Institute within their insurer's network. With this action, patients in new exchange plans, additional commercial plans, and additional TennCare MCOs contracted with AHP/ADI will now be able to access SSMI (and this scanner) within their network.

We will continue doing business as Southern Sports Medicine Institute. Advanced Health Partners, the ADI physician group practice, will become the billing provider for all of our services.

This new "orthopedic extremity MRI" CON application is being made after seeking the opinion of HSDA's General Counsel as to whether the existing MRI CON would suffice for MRI services to continue after the joining of SSMI into AHP/ADI. Based on his opinion, we seek HSDA approval with this new CON application in ADI's name to replace the original. While the Physician practice and its in-office MRI scanner and services won't change, the named contracting and billing entity



will. Since this existing MRI scanner's CON was issued to a "professional practice" rather than a "healthcare institution", and therefore not issued a license for the MRI separate from the CON, current TN rules require a new CON in the name of Advanced Diagnostic Imaging, PC d/b/a Advanced Healthcare Partners, for SSMI to continue to provide these existing MRI scanning services after Dr. Gautsch (SSMI) joins them.

The project already is operating well, with stable staffing, covering all of its expenses, and has paid off all its debt. The existing scanner is in excellent condition, well maintained, the first independently certified scanner in Sumner County (The Intersocietal Commission for the Accreditation of Magnetic Resonance Laboratories -- ICAMRL), and is expected to continue to function for years to come. It is also the only open scanner in Sumner County and is tremendously convenient for patients.

At the time of the original CON's granting, there were two physicians in the SSMI practice, including Dr. Gautsch. Plans to add additional providers over time, who would also utilize the MRI services, were explicitly described in that approved application. In the ensuing 14 years, 8 additional physician or non-physician providers have, at various times, worked with the group and utilized this scanner. As of this application, besides Dr. Gautsch there is one additional AHP physician provider, also an Orthopedic Surgeon and one non-physician provider who works with him, expected to order extremity MRI scans with this scanner. There are plans to add at least one additional provider to the SSMI practice to replace one who has recently moved. There are currently no other AHP/ADI physician practices based in Sumner County.

SSMI MRI scans have always been read by board certified Radiologists specializing in musculoskeletal MRI, utilizing the latest in secure, HIPAA compliant, industry-standard tele-radiology. AHP/ADI employs a number of board certified radiologists who will now read the studies utilizing similar methods -- as they do for a number of other scanning facilities around Tennessee.

***II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.***

***A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.***

***If the project involves none of the above, describe the development of the proposal.***

**Response:** The project involves none of the above.

Dr. Gautsch's practice, Southern Sports Medicine Institute is coming into the physician

practices of ADI who will now be the named provider of the services including the MRI scans. Of necessity, this application seeks a new CON to name ADI as the entity who will now contract and bill for the MRI services as provided, in conjunction with this practice, utilizing this same open bore 0.2 Tesla GE Lunar E-Scan MRI, at this same location, serving the same patient population from the same service area. No construction, modification, relocation or renovation of the facility is sought.

The scanner and its support equipment currently occupy approximately 308 ft.<sup>2</sup> in the offices of Southern Sports Medicine Institute in Gallatin. Additionally, 7.2% utilization of the office's approximately 850 ft.<sup>2</sup> of waiting area and bathrooms, or 61 ft.<sup>2</sup> are attributed to the scanner's patients on the basis of (720 annual scans)/(10,000 total office visits) at the location.

This MRI scanner is an integral part of the physician practice. SSMI occupies the entirety of an approximately 6,400 ft.<sup>2</sup>, commercially zoned, freestanding brick doctor's office building, originally built in about 1960, and subsequently remodeled several times. All clinical space, including the MRI scanner, is located on the ground level. Patients of the practice, often undergo MRI scanning as an integral part of their visit, which may also include plain radiographs in the X-Ray room, physician consultation before and/or after scanning in one of the 7 patient examination rooms, or physical therapy in the PT treatment areas. The MRI scanner is installed with its equipment in a dedicated space that exceeds manufacturer specifications, as illustrated in the attached floor plans and manufacturer's installation illustration. The practice's waiting room, 5 bathrooms, private examination rooms and physician office are all available to meet the needs of patients, including those who may also be undergoing MRI scanning that day, as well as the physician(s) and staff attending them.

Studies will continue to all be read by Board Certified radiologists. The hours of scan scheduling have typically been on the hour, 9AM to 4 PM, two days, and 9AM to 12noon one day per week. Other days or extended evening and/or weekend hours have occasionally been made available as physician and patient needs have required.

***B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.***

**Response:** N/A



C. *As the applicant, describe your need to provide the following health care services (if applicable to this application):*

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**Response:** These existing MRI scanner services have proven to be a great convenience for the patients of this group, some of whom seek these specific physicians from a significant distance, and who are very often able to have MRI scanning as part of the same office visit and work-up.

D. *Describe the need to change location or replace an existing facility.*

**Response:** N/A. There is no need to change location nor replace the existing facility (or services).

E. *Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:*

1. *For fixed-site major medical equipment (not replacing existing equipment):*

a. *Describe the new equipment, including:*

1. Total cost ;(As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

**Response:**

1. No new or major medical equipment will be acquired. Dr. Thomas Gautsch will continue to own the scanner, whose original cost was less than \$500,000 new and has already been fully paid off and depreciated. He will lease it and the space it occupies to his group. Please see attached executed lease between ADI and Dr. Gautsch, and the original purchase agreement documenting his ownership as an attachment under C, Economic Feasibility Item 8. The current estimated Fair Market Value of the

equipment is: \$100,000

This GE Lunar E-Scan MRI was built in 2004 by Esaote in Italy utilizing a precision permanent magnet and standard, replaceable/upgradeable PC computer equipment with a Microsoft Windows based software platform. Unlike superconducting magnets, with proprietary computer workstations, this scanner has less complex systems and fewer parts to wear out or replace. Most of the components and electronics are modular and can be, and occasionally have been replaced as necessary, including coils and a replacement RF unit, with software upgrades installed as available.

The scanner's original cost was well below the threshold definition of "Major Medical Equipment", currently set at \$2,000,000, with the attendant more stringent requirements. When replacement is indicated, new units of similar function are even less expensive now and still would not represent the acquisition or replacement of "Major Medical Equipment" per TCA 68-11-1607(a)(6).

Although this application merely seeks to continue existing MRI services with the same existing scanner, location, staff and set-up, for the purposes of calculating this application's Total Project Costs, an allowance of \$500,000 is accounted, although it may not actually be required for a number of years, nor likely cost that much. An additional future Projected Data year "\*\*", reflecting a year when the scanner has been replaced, is provided following Section C, Item 4, Projected Data Chart.

This scanner has been maintained by the same technicians from the time of its installation, originally under a service contract and subsequently for regular maintenance and as-needed for repair. Over the previous several years that has averaged \$2,664 per year, which is included in the Project Data Chart D 9 Other Expenses. ADI also plans to maintain the equipment similarly, as it does typically for all of its equipment, paying for repairs and regular servicing when and as needed.

2. As a practice based specialty unit, this particular MRI has been well cared for and relatively gently used, with still fewer than 7000 total scans since its installation in 2004. Every indication is that the scanner will continue to function well for many years to come. All regularly performed tests remain well within normal operating parameters.

3. The primary CPT codes ordered for this unit have been:

73221 MRI upper extremity, any joint w/o contrast

73721 MRI lower extremity, any joint w/o contrast

Other codes which occasionally may be used include:

73218 MRI upper extremity, other than joint w/o contrast

73220 MRI upper extremity, other than joint with and w/o contrast

73223 MRI upper extremity, any joint with and w/o contrast

73718 MRI lower extremity, other than joint w/o contrast

73720 MRI lower extremity, other than joint with and w/o contrast

73723 MRI lower extremity, any joint with and w/o contrast

MRI scans are both reviewed by Board Certified Orthopedic surgeons with many years of experience interpreting these scans, and also formally read by Board Certified Musculoskeletal Radiologists. Images are immediately sent via HIPAA compliant industry standard secure protocols directly from the unit to the Radiologist for

interpretation. The reports are then made available to the referring physician via secure login to their hosting site. After joining ADI, scans will be read by Board Certified Radiologists of ADI following similar secure and HIPAA compliant protocols.

4. Please see below results of FDA Medical Devices database query documenting FDA approval.

<http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfpmn/pmn.cfm?ID=K020164>

The screenshot shows the FDA's 510(k) Premarket Notification database. The page title is "510(k) Premarket Notification". The breadcrumb trail is "FDA Home > Medical Devices > Databases". The page contains a search bar and a list of navigation links. The main content area displays the details for a specific device, K020164, which is a System, Nuclear Magnetic Resonance Imaging. The details are as follows:

New Search		Back To Search Results
Device Classification Name	System, Nuclear Magnetic Resonance Imaging	
510(k) Number	K020164	
Device Name	E-SCAN XQ	
Original Applicant	BIO-SOUND ESAOTE, INC. 8000 Castlaway Dr. Indianapolis, IN 46250	
Original Contact	Colleen Denismore	
Regulation Number	802.1000	
Classification Product Code	LNU	
Date Received	01/17/2002	
Decision Date	02/12/2002	
Decision	Substantially Equivalent (SESE)	
Regulation Medical Specialty	Radiology	
510k Review Panel	Radiology	
Summary	Summary	
Type	Special	
Reviewed By Third Party	No	
Combination Product	No	

Page Last Updated: 12/15/2014  
Note: If you need help accessing information in different file formats, see Instructions for Downloading Viewers and Players.

b. Provide current and proposed schedules of operations.

**Response:** The hours of scan scheduling have typically been on the hour, between 9AM to 4 PM, two days, and 9AM to 12 noon one day per week (17 hours/week). Other days or extended evening and/or weekend hours have occasionally been made available as physician and patient needs have required, particularly during Football Season. This is not expected to change.

2. For mobile major medical equipment:

- List all sites that will be served;
- Provide current and/or proposed schedule of operations;
- Provide the lease or contract cost.
- Provide the fair market value of the equipment; and
- List the owner for the equipment.

**Response:** N/A

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**Response:** The Scanner and its space will be leased. See attached executed lease.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (in acres);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

**Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.**

**Response:** See the attached plot plan.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:** Gallatin does not have public transportation. The office is located in an established and fully developed area, on one of the main thoroughfares in Gallatin, at ground level, with immediately adjacent parking, near a number of other medical offices and the local Hospital

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**Response:** See the attached floor plans.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

**Response:** N/A

### **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be

granted unless the action proposed in the application for such Certificate is necessary to

provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## **QUESTIONS**

### **NEED**

**1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**

### **Magnetic Resonance Imaging (Updated Standards and Criteria)**

**1. Utilization Standards for non-Specialty MRI Units.**

- a. An applicant proposing a new non-Specialty stationary MRI unit should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2800 procedures per year by the third year of service and for every year thereafter.

**Response:** Does not apply. This is an existing Specialty MRI.

- b. Providers proposing a new non-Specialty mobile MRI unit should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

**Response:** Does not apply. This is an existing Specialty MRI.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

**Response:** Does not apply. This is an existing Specialty MRI.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's geographical area are not adequate and/or that there are special circumstances that require these additional services.



**Response:** Does not apply. This is an existing Specialty MRI.

2. **Access to MRI Units.** *All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).*

**Response:** Does not apply. This is an existing Specialty MRI. However, this location is accessible by all of the service area's population.

3. **Economic Efficiencies.** *All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.*

**Response:** Does not apply. This is an existing Specialty MRI. As such however, it represents one of the more cost efficient MRI technologies with its capabilities. It also is the only open scanner in Sumner County, and its availability to patients within the practice where they are already being cared for, provides the highest possible level of direct access to MRI scanning for our patients, as well as the highest degree of care continuity for them.

4. **Need Standard for non-Specialty MRI Units.**

*A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:*

*Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 6 days per week x 50 weeks per year = 3,600 procedures per year*

**Response:** Does not apply. This is an existing Specialty MRI.

*Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.*

**Response:** Does not apply. This is a fixed, existing Specialty MRI.

5. **Need Standards for Specialty MRI Units.**

- a. **Dedicated fixed or mobile Breast MRI Unit.** *An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:*
1. *It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;*

2. *Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit is in compliance with the federal Mammography Quality Standards Act;*
3. *It is part of an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.*
4. *It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.*

**Response:** Does not apply. This is an existing Extremity MRI.

- b. *Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.*

**Response:** This existing, fixed Extremity MRI Unit is typically available for a total of 17 hours per week, divided into two and a half days per week. It operates fifty weeks out of the year, for a total of 850 operating hours per year. A typical scan, including patient interview, preparation, positioning, scanning and debriefing, takes approximately 1 hour, thus scans are scheduled at one-hour intervals. At 720 scans per year, the scanner is already performing at approximately 85% capacity, by these criteria.

- c. *Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.*

**Response:** Does not apply. This is an existing fixed Extremity MRI.

6. *Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.*

**Response:** Separate inventories are accounted, and the CON will continue to include these limitations.

7. ***Patient Safety and Quality of Care.** The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.*

- a. *The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.*

**Response:** The scanner is FDA approved. Please see above response and documentation with E.1.a.4.

- b. *The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.*

**Response:** This existing scanner was installed in a physical environment that conforms to applicable federal standards, and manufacturer's specifications. As part of a private medical group practice, Tennessee does not license it apart from the professional licensing. Please also see attached Manufacturer's installation guide under section B.II.A, This installation exceeds those requirements.

- c. *The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.*

**Response:** This MRI is already an integral part of this physician medical office and practice. After the merger into ADI, emergencies will still be managed by the physicians, and/or ACLS/BCLS certified medical office staff, in conformity with accepted medical practices until Paramedics arrive to transport patients across the street to the Emergency Room or direct admission to the hospital.

- d. *The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.*

**Response:** All current MRI scans and procedures are performed only by physician order, certified as medically necessary, subjected to utilization review, independent certification, and reviewed by reading Radiologists and the Radiologist Medical Director to ensure the medical appropriateness of the referral and to insure against inappropriate duplication of prior studies. This will continue under the new CON.

- e. *An applicant proposing to acquire any MRI Unit, including Dedicated Breast and Extremity MRI Units, shall demonstrate that:*
- f. *All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.*

**Response:** All standards and protocols currently in place, are according to a board certified Radiologists instruction and supervision and meet the standards necessary to have obtained its current independent ICAMRL certification. All scans are and will be interpreted by a board certified Radiologist.

- g. *All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.*

**Response:** This scanner is an integral part of a physician group practice located directly across the street from the Hospital, not a separate freestanding scanning facility. Dr. Gautsch maintains admitting privileges at both Sumner County Hospitals and can admit any patients to either hospital directly from the office into the hospital, at any time, without need of other agreements or arrangements.

8. *The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.*

**Response:** The applicant will continue to provide the Tennessee Health Services and Development Agency requested data in a timely fashion.

9. *In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:*

- a. *Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;*
- b. *Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or*
- c. *Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.*

**Response:** The existing MRI services are already contracted with Medicare and one TennCare MCO, which will expand immediately to Medicare and all TennCare MCOs operating in Sumner County upon SSMI's joining AHP/ADI, with whom their contracts are already in place.

2. *Describe the relationship of this project to the applicant facility's long-range development plans, if any.*

**Response:** The applicant is not a healthcare facility, and therefore has no long-range facility development plans. However, as physicians our desire is to provide the best, most cost-effective and convenient care for our patients. Coming together as a group allows us to help our patients, not only to take advantage of the benefits of coordinating their care between physicians, but also allows us a voice in the ongoing development of different models of care for our patients.

3. *Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).***

**Response:** See attached map. Southern Sports Medicine Institute's principle service area for its existing MRI services is Sumner County. Patients are also occasionally seen from other nearby counties as well. That is not expected to change.

**MRI Provider Utilization by Residents of Sumner County  
from Medical Equipment Registry**

	2011	2012	2013	Percent Changed from 2011 to 2013
Patient Procedures at Southern Sports Medicine Institute (All Residents)	636	720	716	12.58%
Patient Procedures at all Other Sumner County Providers (All Residents)	8642	8901	9384	8.59%
Total of Sumner County Provider Patient Procedures (All Residents)	9278	9621	10100	8.86%
Patient Procedures at Southern Sports Medicine Institute (Sumner County Residents Only)	516	568	568	10.08%
Patient Procedures at all Other Sumner County Providers (Sumner County Residents Only)	6822	6980	7428	8.88%
Total of Sumner County Provider Patient Procedures (Sumner County Residents Only)	7338	7548	7996	8.97%
Percent of Sumner County Residents Utilizing Sumner County Providers for MRI Procedures <i>Medical Equipment Registry - 12/22/2014</i>	79.09%	78.45%	79.17%	

**4. A. Describe the demographics of the population to be served by this proposal.**

**Response:** Please see summary table below.

Sumner County residents have limited access to healthcare compared to the state as a whole. There are only 1.5 medical doctors per 1000 population compared to 2.4 per 1000 in all of Tennessee. There are only 1.9 hospital beds per 1000 population compared to 3.6 per thousand for Tennessee as a whole. 24,135 of Sumner County residents are enrolled in a TennCare MCO. This represents approximately 14% of the population. Until recently there was only a solitary, 2 OR outpatient multi-specialty ambulatory surgical treatment center in all of Sumner County. Just four months ago, the second one opened. There still is only one open and/or dedicated extremity MRI specialty scanner in all of Sumner County -- the subject of this application.

	Sumner (PSA)	Tennessee
<i>Current Year 2014, Age 65+</i>	25,164	981,984
<i>Projected Year 2018, Age 65+</i>	29,697	1,102,413
<i>Age 65+, % Change</i>	18.0%	12.3%
<i>Age 65+, % Total</i>	14.6%	14.9%
<i>2014 Total Population</i>	172,262	6,588,698
<i>2018, Total Population</i>	183,406	6,833,509
<i>Total Pop. % Change</i>	6.5%	3.7%
<i>TennCare Enrollees</i>	24,135	1,241,028
<i>TennCare Enrollees as a % of Total Population</i>	14.0%	18.8%

<i>Median Age</i>	<i>38.7</i>	<i>38.0</i>
<i>Median Household Income</i>	<i>\$55,560</i>	<i>\$44,140</i>
<i>Population % Below Poverty Level</i>	<i>9.8%</i>	<i>17.3%</i>

Source: TN Department of Health website, Bureau of TennCare, US Census Bureau

*B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.*

**Response:** This existing open extremity scanner has proven to be both very convenient for patients, allowing them to have their diagnostic MRI scans in the same office as their doctor -- and often at the same visit -- and has also been of particular benefit to certain patients with special needs in regards to their care. It has been found to be especially helpful to all patients who are among the estimated 13-20% of the population that is claustrophobic (per American College of Radiology) or particularly anxious, patients with traumatic injuries or limited mobility for other reasons, obese patients, and anyone who benefits from the more open easy-access environment that an in-office scanner affords. In particular, we have found that children, and the elderly, have a much less stressful experience with scans performed in our setting where it is easier, more familiar, more personal, faster overall, and more convenient. We very rarely have had a patient who either cannot tolerate a scan in our Magnet or requires any kind of sedation to complete a study. Pediatric patients are able to have a scan with a parent right beside them literally holding their hands, which is easily accommodated with our scanner. It has also been our experience that patients who must otherwise take additional time off work, so they (or their children) can undergo MRI testing are very appreciative of not having to return for a scan on a different day. As might be expected, it is also our experience that this improves patient compliance.

*5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.*

**Response:** The existing scanner at Southern Sports Medicine Institute is the only open scanner in all of Sumner County, and the only office based, specialty scanner in the service area as well. There simply are no other similar, office based, specialty, or open scanners in the service area.

There are four fixed whole body scanners in the service area, all owned and operated by Hospital facilities, which even a year ago (according to their actual submitted JAR reports, see below) were operating at 2,799 scans per scanner per year -- just barely below the need threshold average of 2,880 scans per fixed non-specialty scanner per year. There are no approved but unimplemented MRI CONs in the primary service area.

# **MRI Utilization**

**As Reported in Actually Filed JARs:**

	2011		2102		2013	
<b>Portable MRI units</b>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>
Portland Diagnostic Center (1 day per week)		224		249		290
<b>Specilty MRI units</b>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>
Southern Sports Medicine Institute		636		720		716
<b>Fixed MRI units</b>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>
Sumner Regional Medical Center	371	2,207	540	2,051	922	1,948
Diagnostic Center at Sumner Station		1,413		1,707		4,090
TriStar Hendersonville Medical Center	688	1,678	800	1,567	777	1,788
Imaging Center at HMC		2,164		2,118		1,669
sub-total -- Fixed MRI procedures	1,059	7,462	1,340	7,443	1,699	9,495
<b>Inpat + Outpat</b>	<b>8,521</b>		<b>8,783</b>		<b>11,194</b>	
	<b>2,130 avg. per unit</b>		<b>2,196 avg. per unit</b>		<b>2,799 avg. per unit</b>	
<b>Total Inpat. + Outpat. MRI Procedures</b>	<b>9,381</b>		<b>9,752</b>		<b>12,200</b>	

## **Registry Data -- MRI Utilization of Tennessee Providers in Applicant's Service Area**

<b>Provider</b>	<b>Current # units (type)</b>	<b>County</b>	<b>Distance from SSMI (miles)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>% Change '11-'13</b>	<b># MRI procedures by Sumner County residents (2013 )</b>
SSMI	1-fixed 0.2T	Sumner	0.0	636	720	716	12.6%	568
Sumner Station	1- fixed 1.5T	Sumner	6.9	1,403	1,688	1,922	37.0%	1,645
Hendersonville Medical Center	1- fixed 1.5T	Sumner	13	2,388	2,317	2,515	7.6%	1,849
Imaging Center at HMC	1- fixed 1.5T	Sumner	13	2,136	2,091	1,654	-22.6%	1,189
Portland Diagnostic	1-portable 1 day / wk	Sumner	14	221	245	285	29.0%	271
Sumner Regional Medical Center	1- fixed 1.5T	Sumner	0.1	2,544	2,560	3,008	18.2%	2,474
<b>Total</b>	<b>6</b>			<b>9,278</b>	<b>9,621</b>	<b>10,100</b>	<b>8.9%</b>	<b>7,996</b>

Source: Medical Equipment Registry - 12/22/2014

## **MRI Procedures per 1000 Population**

	<b>2011</b>	<b>2012</b>	<b>2013</b>
Sumner	89.2	91.1	91.0
Macon	62.6	66.2	67.6
Smith	97.5	89.8	97.2
Trousdale	96.3	96.4	92.6
Statewide	87.2	87.7	86.0

Source: HSDA, US Census Population Estimates, Medical Equipment Registry - 12/22/2014

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion

of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:** Utilization for the past 3 years linearly projected into the next 2 years: (Projected volume assumes a similar rate of current utilization with a continued similar rate of growth.)

Scans	2012	2013	2014	2015	2016
SSMI open Extremity scanner	719	736	745	755	764

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

**Response:** In conjunction with Southern Sports Medicine Institute, the project has already proven itself economically feasible, since its original CON implementation in 2004. Southern Sports Medicine is joining a group practice, which will now be the contracting provider of the service for SSMI, requiring this new CON.



## PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 30,000	
3. Acquisition of Site		
4. Preparation of Site		
5. Construction Costs		
6. Contingency Fund	\$ 50,000	
7. Fixed Equipment (Not included in Construction Contract)		
8. Moveable Equipment (List all equipment over \$50,000)		
9. Other (Specify) _____		
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)	\$ 41,935	
2. Building only -		
3. Land only -		
4. Equipment (Specify) <u>greater of MRI lease or replacement</u>	\$500,000	
5. Other (Specify) _____		
C. Financing Costs and Fees:		
1. Interim Financing		
2. Underwriting Costs		
3. Reserve for One Year's Debt Service		
4. Other (Specify) _____		
D. Estimated Project Cost (A+B+C)		
	\$621,935	
E. CON Filing Fee	\$ 3,000	
F. Total Estimated Project Cost (D+E)	-	
<b>TOTAL</b>	\$624,935	

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ XX E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**Response:** The project has already proven itself economically feasible. To allow the existing MRI services to continue, with the joining of Dr. Gautsch into AHP/ADI, this change to the named CON holder involves fairly minimal actual costs. The actual costs consist almost entirely of the costs of obtaining this new CON, and the costs which would be incurred as part of the ongoing provision of the already existant services otherwise. A cost to lease the MRI scanner and space it occupies are simply being attributed now to the applicant but will actually be charged back to Dr. Gautsch's care center. Dr. Gautsch has already fully paid for and depreciated the scanner, which has a residual market value of approximately \$100,000. Whether as SSMI or ADI, the scanner will need to be replaced in some future year. \$500,000 is a generous estimated cost to obtain a new replacement scanner when it becomes necessary. The space the scanner and its equipment occupy in the practice is approximately 308 sqft. To develop these project costs, another 61 sqft of waiting, bathroom and common space is being attributed to the scanning services, in proportion to the (number of scans)/(total number of patient visits) in the practice. The lease cost for the scanner is set at 6% or \$6000 per year, and the lease for the space set at \$12 per sqft/year, or \$4,430 per year. The initial term of the leases are 5 years, for a total of \$52,152 over 5 years. However, for the project cost calculation, \$41,935 (5.7% of the total building's appraised value, representing the 369 sqft portion of the building's space), plus the estimated cost of scanner replacement were used. The rest of the project cost is for filing, legal and contingency.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed

*beds only, not from all beds in the facility).*

**Response:** See below Projected Data Charts. The actual past 3 year average annual cost for service/maintenance of the scanner has been \$2,664 per year. It is projected to remain about the same for the next several years, paid separately from the lease, although a significant Contingency amount is also budgeted into the total project cost over the initial term. Since it is possible that the scanner will need replacement during that period of time, either with a used or new unit, for the Project Cost estimate the \$500,000 for a new similar unit including installation is accounted. That may not prove necessary during that period of time however since the unit remains in good shape.

***5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.***

**Response:** Average gross charge will be \$2107, average deduction from operating revenue will be \$1,489, and average net revenue will be \$618.

When SSMI joins Allied Health Partners (ADI), AHP's established fee schedule will replace SSMI's for all services. For extremity MRI scans AHP's average gross charge is \$2107, an approximately 34% increase from the very low \$1,570 average gross charge per scan at SSMI in 2013. Despite this change, the fee schedule charge per scan remains slightly less than the TN median MRI charge of \$2,175 as reported from the HSDA's equipment registry, and well below the average \$4,469 charged at other Sumner County facilities.

Although gross charges will increase, this change in fee schedule will have minimal actual impact on net revenues. With rare exception, all scans we perform are either provided as part of a bundled capitated payment, or reimbursed at pre-negotiated fixed contract rates, or according to state or federal payment schedules. Therefore actual net revenues have become independent of gross charges. Net revenues are much more influenced by the contracting and effectiveness of a group's billing department at successfully navigating through the tedious and complicated process of insurance company follow-up, to track and ensure contracted reimbursements for provided services are all actually received.

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which **complete data** are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2011	Year 2012	Year 2013
A. Utilization Data (Specify unit of measure)	636	720	723
B. Revenue from Services to Patients			
1. Inpatient Services	\$ -	\$ -	
2. Outpatient Services	\$ 815,383	\$ 935,674	\$1,135,395
3. Emergency Services	\$ -	\$ -	\$ -
4. Other Operating Revenue (Specify) _____	\$ -	\$ -	\$ -
<b>Gross Operating Revenue</b>	<b>\$ 815,383</b>	<b>\$ 935,674</b>	<b>\$ 1,135,395</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 557,632	\$ 605,305	\$ 825,659
2. Provision for Charity Care	\$ 4,000	\$ 4,000	\$ 4,000
3. Provisions for Bad Debt	\$ 32,615	\$ 37,427	\$ 45,416
<b>Total Deductions</b>	<b>\$ 594,248</b>	<b>\$ 646,732</b>	<b>\$ 875,075</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 257,751</b>	<b>\$ 330,369</b>	<b>\$ 309,736</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 25,751	\$ 51,567	\$ 46,236
2. Physician's Salaries and Wages	\$ -	\$ -	\$ -
3. Supplies	\$ 887	\$ 861	\$ 135
4. Taxes	\$ 975	\$ 832	\$ 1,020
5. Depreciation	\$ -	\$ -	\$ -
6. Rent	\$ 5,042	\$ 5,042	\$ 5,042
7. Interest, other than Capital	\$ -	\$ -	\$ -
8. Management Fees:			
a. Fees to Affiliates	\$ -	\$ -	\$ -
b. Fees to Non-Affiliates	\$ 43,605	\$ 48,535	\$ 52,955
9. Other Expenses (Specify) <u>See Attached</u>	\$ 11,120	\$ 2,473	\$ 5,809
<b>Total Operating Expenses</b>	<b>\$ 87,380</b>	<b>\$ 109,310</b>	<b>\$ 111,198</b>
E. Other Revenue (Expenses) – Net (Specify)			
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 170,371</b>	<b>\$ 221,059</b>	<b>\$ 198,538</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ -	\$ -	\$ -
2. Interest	\$ -	\$ -	\$ -
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 170,371</b>	<b>\$ 221,059</b>	<b>\$ 198,538</b>

### PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2015	Year 2016
A. Utilization Data (Specify unit of measure)	726	730
B. Revenue from Services to Patients		
1. Inpatient Services	\$ -	
2. Outpatient Services	\$ 1,529,334	\$ 1,537,760
3. Emergency Services	\$ -	
4. Other Operating Revenue (Specify) _____	\$ -	
<b>Gross Operating Revenue</b>	<b>\$ 1,529,334</b>	<b>\$ 1,537,760</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 1,015,809	\$ 1,021,428
2. Provision for Charity Care	\$ 4,000	\$ 4,000
3. Provisions for Bad Debt	\$ 61,173	\$ 61,510
<b>Total Deductions</b>	<b>\$ 1,080,982</b>	<b>\$ 1,086,938</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 448,351</b>	<b>\$ 450,821</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 46,428	\$ 46,684
2. Physician's Salaries and Wages	\$ -	
3. Supplies	\$ 136	\$ 137
4. Taxes	\$ 1,024	\$ 1,030
5. Depreciation	\$ -	
6. Rent	\$ 4,430	\$ 4,430
7. Interest, other than Capital	\$ -	
8. Management Fees:		
a. Fees to Affiliates	\$ 134,505	\$ 135,246
b. Fees to Non-Affiliates	\$ -	\$ -
9. Other Expenses (Specify) <u>MRI lease., Ins., Data</u>	\$ 33,253	\$ 33,376
<b>Total Operating Expenses</b>	<b>\$ 219,776</b>	<b>\$ 220,903</b>
E. Other Revenue (Expenses) – Net (Specify)		
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 228,575</b>	<b>\$ 229,918</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ -	
2. Interest	\$ -	
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 228,575</b>	<b>\$ 229,918</b>

## PROJECTED DATA CHART

\*\*

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year **
A. Utilization Data (Specify unit of measure)	740
B. Revenue from Services to Patients	
1. Inpatient Services	
2. Outpatient Services	\$ 1,558,825
3. Emergency Services	
4. Other Operating Revenue (Specify) _____	
<b>Gross Operating Revenue</b>	<b>\$ 1,558,825</b>
C. Deductions from Gross Operating Revenue	
1. Contractual Adjustments	\$ 1,035,475
2. Provision for Charity Care	\$ 4,000
3. Provisions for Bad Debt	\$ 62,353
<b>Total Deductions</b>	<b>\$ 1,101,828</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 456,997</b>
D. Operating Expenses	
1. Salaries and Wages	\$ 47,323
2. Physician's Salaries and Wages	
3. Supplies	\$ 139
4. Taxes	\$ 1,044
5. Depreciation	
6. Rent	\$ 4,430
7. Interest, other than Capital	
8. Management Fees:	
a. Fees to Affiliates	\$ 137,099
b. Fees to Non-Affiliates	\$ -
9. Other Expenses (Specify) <u>Ins., Data</u>	\$ 24,712
<b>Total Operating Expenses</b>	<b>\$ 214,747</b>
E. Other Revenue (Expenses) – Net (Specify)	
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 242,250</b>
F. Capital Expenditures	
1. Retirement of Principal	\$ 91,396
2. Interest	\$ 22,500
<b>Total Capital Expenditures</b>	<b>\$ 113,896</b>
<b>NET OPERATING INCOME (LOSS)</b>	
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 128,354</b>

\*\* Some future year when the scanner requires replacement with a similar system

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**Response:** Charges will average \$2,107 per extremity scan, following the Advanced Health Partners Fee Schedule.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Response:**

Charges:	CPT 73221	CPT 73721
This practice	\$2,087	\$2,126
Sumner Regional Medical Center	\$4,731	\$4,731
Hendersonville Medical Center	\$4,953 Avg.	

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**Response:** Utilization rates have been fairly stable and slowly increasing over the course of many years. Generated by the group's providers, they are more than sufficient to maintain financial viability and cost-effectiveness. As an office based, permanent magnet scanner, the project has low fixed costs compared to many other facilities. Our principle costs are the staff member's time given to the scanner, and the Radiologist's read -- variable costs associated with each scan. So, with the normal ebb and flow of patient volume week to week, or even an unlikely significant down-turn, expenses fall proportionately, and providing in-office MRI scanning still remains both cost effective and very convenient for our patients.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**Response:** The project's existing services are already financially viable. The scanner has already been fully paid and depreciated. The space the scanner and its equipment occupy in the practice is approximately 308 sqft. Another 61 sqft of waiting, bathroom and common space is being attributed to the scanner, in proportion to the (number of scans)/(total number of patient visits). Fixed costs are relatively low. The lease cost for the scanner at 6% is \$6000 per year, and the lease for the space at \$12 per sqft per year is \$4,430 per year. The principle variable costs are the costs of the tech that operates the scanner and a small amount for the scheduling and billing, which are performed in conjunction with the practice. There are reading fees associated with each scan of approximately \$100 per scan, and low supply and other costs. The revenues generated by the scans more than cover total costs. See the Projected Data Chart.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**Response:** In 2013, 15.9% of the scans performed were for Medicare patients. 9.3% of the scans performed were for TennCare patients insured by United Healthcare Community Plan (Americhoice), the largest TennCare MCO in the region, the only TC MCO which Southern Sports Medicine Institute has contracted with. Preliminary 2014 data shows slight increases in both at MC 17.7% and TC 11.6%. As a part of ADI, and its expanded number of contracts, including with Amerigroup BlueCare, and TennCare Select, the number of TennCare patients that will utilize the scanner will likely increase.

For the past 18 years, Dr. Gautsch and Southern Sports Medicine Institute have provided emergency orthopedic surgical care to medically indigent patients whenever asked to do so as specialists on call. Additionally, medically indigent patients are also seen at SSMI for elective orthopedic care through the Sumner County Salvus Center as one of its panel specialists. The Salvus Center was established by physicians and several community leaders in conjunction with the then, not for profit local hospital in Gallatin, in order to provide coordinated and comprehensive care for the medically indigent of Sumner County. Services are provided for a small fee based on a sliding scale and ability to pay.

Each of the participant providers provides discounted care in their specialty, with the community hospital having agreed to provide MRI scans, among other discounted services, with interpretation for \$50 per scan. A few years ago, when the local hospital was sold and converted into a for-profit facility, one of the Sumner County Commission's stipulations to that sale was a continuation of the Salvus Center arrangement. Both Sumner County hospitals now participate in the program similarly.

At present, virtually all medically indigent patients in Sumner County needing MRI scans obtain them through this program at one of the four fixed whole body scanners. Charity scans have been provided at SSMI as necessary for those few patients who were unable to be scanned through Salvus for some reason, or could/would not participate in the Salvus Center. However, the Salvus program is quite robust and therefore typically only about 4 charity scans per year have come to us.

**Historical and Projected Service Payor Mix**

<b>Payor Source</b>	<b>2014 SSMI Gross Revenue (as a % of total)</b>	<b>Year 1 Applicant's Projected Gross Revenue (as a % of total)</b>
Medicare	17.7%	17.7%
TennCare	11.6%	11.6%
Managed care	10.3%	10.3%
Commercial	57.6%	57.6%
Self-Pay	0.5%	0.5%
Other	2.3%	2.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

10. Provide copies of the balance sheet and income statement from the most recent reporting period



*of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.*

**Response:** See attached.

*11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:*

*a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.*

**Response:** The only possible alternatives to this practice associated project are either to bring the practice into ADI and discontinue existing MRI services, shifting the volume to other existing scanners in the service area, which were operating at average 2,800 scans per year in 2013 -- already at just below the 2,880 need threshold -- with great inconvenience and additional expense to patients and insurers. Or, not merge the practice, with the risk that failing to adjust to changes in Healthcare provision could ultimately lead to practice instability and financial failure. Resulting in: discontinuance of existing MRI services, shifting the volume to other existing scanners in the service area, which are operating at average 2,800 scans per year in 2013 -- already at just below the 2,880 need threshold -- with great inconvenience and additional expense to patients and insurers.

*b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.*

**Response:** This proposal seeks continuance of existing MRI services after practice merger, with the only Open and only Extremity MRI scanner, in a service area in which the fixed whole body scanners are likely operating well above threshold levels, without any need for new construction or even renovation. There is no superior alternative except perhaps to later seek an ODC designation to allow physicians from outside the group to refer patients to this scanner as an alternative to the over-utilized other scanners in the service area.

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

*1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.*

**Response:** The applicant and its physician members have contracts with the vast majority of insurers, managed care organizations and networks operating in the service area including principally Blue Cross Blue Shield, Cigna, United Healthcare, Aetna, Humana, Americhoice, Amerigroup, BlueCare, HealthSprings Medicare Advantage plans, QCMN IPA. It also has contracts to provide physician professional and/or on-call services for Sumner Regional Medical Center, Hendersonville Medical Center, Middle Tennessee Imaging, LLC d/b/a Premier Radiology, St. Thomas Hospital (all locations), University Medical Center, and Williamson Medical Center.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**Response:** This proposal seeks continuance of existing MRI services after practice merger, with the only Open MRI scanner in a service area in which the other fixed whole body scanners are operating near or above threshold levels. There is no duplication of existing services or new competition arising from this proposal. It is projected to have no discernable effect on the utilization rates of other existing providers in the service area of the project.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**Response:** As an office based scanner, the patients undergoing MRIs as a part of their care are already attended by the physicians and medical office staff, present for the operation of the office as a whole, including the receptionist, nurses and billing staff. There are approximately 10,000 patient visits to the office per year, only approximately 720 of them include a 60 minute MRI scan visit. A small percentage of the staff activity is attributable to additional care of the patients undergoing scans. In addition there is an office Radiology Technician who operates the scanner and directly supervises the patient during scans. This Tech also performs other responsibilities for the practice and so, only time spent with patients undergoing MRI scans is attributed to the MRI service, less than a single FTE at a pay rate of \$17.50/hr. This rate is less than average for a dedicated MRI Tech in the TN workforce, but consistent with our area and the principle responsibilities in this office for this individual, who has been in this position for over 7 years.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**Response:** As an existing office based scanner, availability and accessibility to human resources is already in place, including adequate professional staff. With the merger, even better and more fully developed Human resources will be available.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

**Response:** The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**Response:** N/A

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental

*Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.*

**Response:** The current MRI services are already compliant with the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and Medicare requirements as applicable. The applicant has also reviewed and understands these requirements.

*(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.*

**Response:**

Licensure: None is offered to this practice-based project.

Accreditation: The Intersocietal Commission for the Accreditation of Magnetic Resonance Laboratories (ICAMRL) has already accredited this scanner once. Its second accreditation is pending. See attached certificate.

SSMI was the first scanner in Sumner County to receive Independent Accreditation, many payors now require it.

*(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.*

**Response:** N/A

*d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.*

**Response:** N/A

*8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.*

**Response:** None

*9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project*

**Response:** None

*10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.*

**Response:** If the proposal is approved, the applicant will continue to provide the Tennessee Health Services and Development Agency and/or the reviewing agency requested information

concerning the number of patients treated, the number and type of procedures performed, and other data as required.

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***Attach the full page of the newspaper in which the notice of intent appeared with the masthead and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.***

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## **DEVELOPMENT SCHEDULE**

***Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other***

***projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.***

***1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.***

**Response:** See below.

***2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the “good cause” for such an extension.***

**Response:** N/A

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): \_\_\_\_\_

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	_____	_____
2. <u>Construction documents approved by the Tennessee Department of Health</u>	_____	_____
3. <u>Construction contract signed</u>	_____	_____
4. <u>Building permit secured</u>	_____	_____
5. <u>Site preparation completed</u>	_____	_____
6. <u>Building construction commenced</u>	_____	_____
7. <u>Construction 40% complete</u>	_____	_____
8. <u>Construction 80% complete</u>	_____	_____
9. <u>Construction 100% complete (approved for occupancy)</u>	_____	_____
10. <u>*Issuance of license</u>	_____	<u>Will not require license</u>
11. <u>*Initiation of service</u>	_____	<u>March 1, 2015</u>
12. <u>Final Architectural Certification of Payment</u>	_____	_____
13. <u>Final Project Report Form (HF0055)</u>	_____	_____

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

**Note:** If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

**AFFIDAVIT**

STATE OF TN

COUNTY OF Sumner

Thomas L. Gautsch, MD, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

[Signature]  
SIGNATURE/TITLE

Sworn to and subscribed before me this 13<sup>th</sup> day of Jan., 2015 a Notary  
(Month) (Year)

Public in and for the County/State of Sumner / Tennessee.



Tom M. Stephens  
NOTARY PUBLIC

My commission expires 12/17, 2018  
(Month/Day) (Year)



## ATTACHMENTS

SECTION A, ITEM 3  
CORPORATE CHARTER  
AND  
CERTIFICATE OF CORPORATE  
EXISTENCE

**CERTIFICATE OF ADVANCED DIAGNOSTIC IMAGING, P.C.  
CONCERNING ITS  
FOURTH AMENDED AND RESTATED CHARTER**

Pursuant to the provisions of Section 48-20-107 of the Tennessee Business Corporation Act, Advanced Diagnostic Imaging, P.C. (the "**Corporation**") certifies as follows:

1. The name of the corporation is Advanced Diagnostic Imaging, P.C.
2. The Fourth Amended and Restated Charter of the Corporation to which this Certificate is attached contains amendments that require shareholder approval.
3. The Fourth Amended and Restated Charter was duly adopted by the shareholders of the Corporation on March 10th, 2013.
4. The Fourth Amended and Restated Charter shall be effective when filed by the Secretary of State.

Dated this 14~~th~~ day of March, 2013.

**Advanced Diagnostic Imaging, P.C.**

By: \_\_\_\_\_

Brett Thorstad, M.D., President

**FOURTH AMENDED AND RESTATED CHARTER OF  
ADVANCED DIAGNOSTIC IMAGING, P.C.**

Advanced Diagnostic Imaging, P.C. hereby amends and restates its Third Amended and Restated Charter as follows:

**ARTICLE I**

The name of the Corporation is Advanced Diagnostic Imaging, P.C. (the "**Corporation**").

**ARTICLE II**

The Corporation is a medical professional corporation and is for profit.

**ARTICLE III**

The purpose for which the Corporation is organized is to engage in the practice of medicine. The professional services involved in the Corporation's practice of medicine may be rendered only through its officers, agents and employees who are duly authorized and licensed to practice medicine in the State of Tennessee.

The Corporation shall not engage in any business other than the practice of medicine. However the Corporation may invest its funds in real estate, mortgages, stocks, bonds and other types of investments, and may own real and personal property necessary for the rendering of the professional services authorized hereby.

**ARTICLE IV**

The total number of shares of all classes of capital stock that the Corporation shall have the authority to issue shall be five thousand (5,000), all of which shall be common stock, no par value.

**ARTICLE V**

This Corporation shall only issue its common stock to an individual who is duly licensed or otherwise legally authorized to render the same specific professional services as those for which the Corporation was incorporated. Shareholders of this Corporation shall not enter into a voting trust agreement or any other type agreement vesting another person with the authority to exercise the voting power of any or all of his stock.

#### ARTICLE VI

The street address of the Corporation's registered office is 28 White Bridge Pike, Nashville, Davidson County, Tennessee 37205, and the name of its registered agent at such address is Chad L. Calendine, M.D.

#### ARTICLE VII

The complete address of the corporation's principal office is 28 White Bridge Pike, Nashville, Davidson County, Tennessee 37205.

#### ARTICLE VIII

To the greatest extent permitted by Tennessee law, a director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 48-18-302 of the Tennessee Code or (iv) for any transaction from which the director derives an improper personal benefit. If the Tennessee Code is amended hereafter to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Tennessee Code, as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

#### ARTICLE IX

**A. Rights to Indemnification.** Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "**Proceeding**"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "**Indemnitee**"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Tennessee Code as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid or to be paid in settlement) incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue with respect to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of the Indemnitee's heirs, executors and administrators; provided, however, that except as provided in paragraph (B) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Indemnitee in connection with a Proceeding initiated by such Indemnitee only if such Proceeding was authorized by the Board of Directors of the Corporation. The

right to indemnification conferred in this Article shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such Proceeding in advance of its final disposition (hereinafter an "**Advancement of Expenses**"); provided, however, that, if the Tennessee Code requires, an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "**Undertaking**"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "**Final Adjudication**") that such Indemnitee is not entitled to be indemnified for such expenses under this Article or otherwise.

**B. Right of Indemnitee to Bring Suit.** If a claim under paragraph (A) of this Article is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation (except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days), the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, the Indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an Undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnitee has not met the applicable standard of conduct set forth in the Tennessee Code. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the to enforce a right to indemnification or to an Advancement of Expenses hereunder or by the Corporation to recover an Advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled under this Article or otherwise to be indemnified, or to such Advancement of Expenses, shall be on the Corporation.

**C. Non-Exclusivity of Rights.** The rights to indemnification and to the Advancement of Expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under this Charter or any Bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

**D. Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and any Indemnitee against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Tennessee Code.

**E. Indemnity of Employees and Agents of the Corporation.** The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the Advancement of Expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article or as otherwise permitted under the Tennessee Code with respect to the indemnification and Advancement of Expenses of directors and officers of the Corporation.

## **ARTICLE X**

The Bylaws of the Corporation may be altered, amended or repealed or new Bylaws may be adopted only by the shareholders of the Corporation.



**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

THOMAS GAUTSCH  
PO BOX 1686  
GALLATIN, TN 37066

December 12, 2014

**Request Type: Certificate of Existence/Authorization**  
Request #: 0148135

Issuance Date: 12/12/2014  
Copies Requested: 1

**Document Receipt**

Receipt #: 1735099

Filing Fee: \$22.25

Payment-Credit Card - State Payment Center - CC #: 159670918

\$22.25

**Regarding: ADVANCED DIAGNOSTIC IMAGING, P.C.**

Filing Type: Corporation For-Profit - Domestic

Control #: 58138

Formation/Qualification Date: 06/30/1972

Date Formed: 06/30/1972

Status: Active

Formation Locale: TENNESSEE

Duration Term: Perpetual

Inactive Date:

Business County: DAVIDSON COUNTY

**CERTIFICATE OF EXISTENCE**

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

**ADVANCED DIAGNOSTIC IMAGING, P.C.**

\* is a Corporation duly incorporated under the law of this State with a date of incorporation and duration as given above;

\* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

\* has filed the most recent annual report required with this office;

\* has appointed a registered agent and registered office in this State;

\* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett  
Secretary of State

Processed By: Cert Web User

Verification #: 009934534

ATTACHMENT A, ITEM 6  
LEASE AGREEMENTS



## EQUIPMENT LEASE

THIS EQUIPMENT LEASE (Lease) is made and effective this 9th day of January 2015 by and between Thomas L. Gautsch, M.D. (Lessor), and Advanced Diagnostic Imaging, P.C. (Lessee).

WHEREAS Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the GE Lunar E-Scan MRI scanner and associated equipment installed at 570 Hartsville Pike, Gallatin, TN.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the parties hereto agree as follows:

Lease. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the following described equipment (Equipment):

Term. The term of this Lease shall commence on a mutually agreeable date within 30 days following the date that a CON for MRI services is granted to ADI at 570 Hartsville Pike, Gallatin, TN 37066, and shall expire 60 months thereafter.

Rent and Deposit. The monthly rent for the Equipment shall be paid in advance in installments of Five Hundred dollars (\$500.00) each month, to begin on the commencement day of this agreement and on the same day of each succeeding month throughout the term hereof. Payment shall be sent to Lessor at 570 Hartsville Pike, Gallatin, TN 37066 or at such other place as Lessor may designate from time to time. Lessor may levy a late payment charge equal to one percent (1%) per month on any amount that is ten days overdue.

Lessee shall use the Equipment in a safe and appropriate manner and shall comply with and conform to all national, state, municipal, and other laws, ordinances and regulations in any way relating to the possession, use or maintenance of the Equipment.

LESSOR DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Repairs. Lessee, at its own cost and expense, shall keep the Equipment in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required to keep the Equipment in good mechanical working order.

Loss and Damage. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any and every cause whatsoever. No loss or damage to the Equipment or any part thereof shall impair any obligation of Lessee under this Lease.

In the event of loss or damage of any kind whatever to the Equipment, Lessee shall, at Lessor's option:

- Place the same in good repair, condition and working order; or
- Replace the same with like equipment in good repair, condition and working order; or
- Pay to Lessor the replacement cost of the Equipment.

Surrender. Upon the expiration or earlier termination of this Lease, Lessee shall return the Equipment to Lessor in good repair, condition and working order, ordinary wear and tear resulting from proper

use thereof excepted, by delivering the Equipment at Lessee's cost and expense to such place as Lessor shall specify within the city or county in which the same was delivered to Lessee.

**Insurance.** Lessee shall procure and continuously maintain and pay for all risk insurance against loss of and damage to the Equipment for not less than the full replacement value of the Equipment, naming Lessor as loss payee, and liability and property damage insurance with limits as approved by Lessor, naming Lessor as additionally named insured and a loss payee. The insurance shall be in such form and with such company or companies as shall be reasonably acceptable to Lessor. Lessee shall provide Lessor with an original policy or certificate evidencing such insurance.

**Taxes.** Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances. Lessee, or Lessor at Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts, taxes arising out of receipts from use or operation of the Equipment, together with any penalties or interest thereon, imposed by any state, federal or local government or any agency, or department thereof, whether or not the same shall be assessed against or in the name of Lessor or Lessee.

**Indemnity.** Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including reasonable attorney's fees and costs, arising out of, connected with, or resulting from Lessee's use of the Equipment, including without limitation the manufacture, selection, delivery, possession, use, operation, or return of the Equipment.

**Default.** If Lessee fails to pay any rent or other amount herein provided within ten (10) days after the same is due and payable, or if Lessee fails to observe, keep or perform any other provision of this Lease required to be observed, kept or performed by Lessee, Lessor shall have the right to exercise any one or more of the following remedies:

- To declare the entire amount of rent hereunder immediately due and payable without notice or demand to Lessee.
- To sue for and recover all rents, and other payments, then accrued or thereafter accruing.
- To take possession of the Equipment, without demand or notice, wherever same may be located, without any court order or other process of law. Lessee hereby waives any and all damages occasioned by such taking of possession.
- To terminate this Lease.
- To pursue any other remedy at law or in equity.

Notwithstanding any repossession or any other action which Lessor may take, Lessee shall be and remain liable for the full performance of all obligations on the part of the Lessee to be performed under this Lease. All of Lessor's remedies are cumulative, and may be exercised concurrently or separately.

**Bankruptcy.** Neither this Lease nor any interest therein is assignable or transferable by operation of law. If any proceeding under the Bankruptcy Act, as amended, is commenced by or against the Lessee, or if the Lessee is adjudged insolvent, or if Lessee makes any assignment for the benefit of his creditors, or if a writ of attachment or execution is levied on the Equipment and is not released or satisfied within ten (10) days thereafter, or if a receiver is appointed in any proceeding or action to which the Lessee is a party with authority to take possession or control of the Equipment, Lessor shall have and may exercise the option to, without notice, immediately terminate the Lease. The Lease shall not be treated as an asset of Lessee after the exercise of said option.

Ownership. The Equipment is, and shall at all times be and remain, the sole and exclusive property of Lessor; and the Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease.

Additional Documents. If Lessor shall so request, Lessee shall execute and deliver to Lessor such documents as Lessor shall deem necessary or desirable for purposes of recording or filing to protect the interest of Lessor in the Equipment including, but not limited to a UCC financing statement.

Entire Agreement. This instrument constitutes the entire agreement between the parties on the subject matter hereof and it shall not be amended, altered or changed except by a further writing signed by the parties hereto.

Notices. Service of all notices under this Agreement shall be sufficient if given personally or by certified mail, return receipt requested, postage prepaid, at the address hereinafter set forth, or to such address as such party may provide in writing from time to time.

If to Lessor: Thomas L. Gautsch, M.D.  
570 Hartsville Pike,  
Gallatin, TN 37066

If to Lessee: Advanced Diagnostic Imaging, P.C.  
PO BOX 249  
Goodlettsville, TN 37070

Assignment. Lessee shall not assign this Lease or its interest in the Equipment without the prior written consent of Lessor.

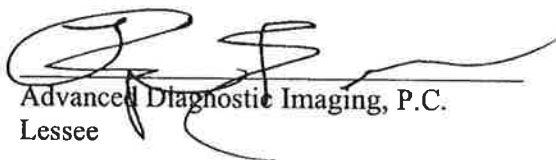
Governing Law. This Lease shall be construed and enforced according to laws of the State of Tennessee.

Headings. Headings used in this Lease are provided for convenience only and shall not be used to construe meaning or intent.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.



Thomas L. Gautsch, M.D.  
Lessor



Advanced Diagnostic Imaging, P.C.  
Lessee

## LEASE AGREEMENT

LEASE AGREEMENT made this 9th day of January 2015, between Thomas L. Gautsch, M.D. (hereinafter referred to as "Landlord") and Advanced Diagnostic Imaging, P.C. (hereinafter referred to as "Tenant").

IT IS THEREFORE AGREED:

1. PREMISES: The Landlord shall lease to the Tenant approximately 369 square feet of space within the office premises located at: 570 Hartsville pike, Gallatin, TN 37066.
2. LEASE TERM: The term of this lease shall be for a period of Five years, commencing on a mutually agreeable date following the date that a CON for MRI services is granted to ADI at this location. The lease term can be extended only by mutual agreement of the parties hereto.
3. RENTAL AMOUNT: The Tenant shall pay to the Landlord an annual sum of \$4,428 (Four Thousand Four Hundred Twenty-Eight dollars), \$12.00 per square foot of leased space, to lease the property. Rental payments shall be paid in monthly payments, each of which shall be in the amount of Three Hundred Sixty-Nine (\$369.00), and each of which shall be paid on the 1st day of the month.
4. OPTION TO RENEW: The Tenant shall have an option to renew this lease on the premises for a Five year period. The Tenant's option to renew must be exercised in writing and must be received by the Landlord no less than 30 days before the expiration of this lease or any extensions thereof.
5. ARBITRATION: Any controversy or claim arising out of or relating to this lease agreement or the breach thereof shall be settled by arbitration in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof.
6. NO VIOLATION OR BREACH: The Landlord and the Tenant warrant and represent each to the other that the performance of this agreement does not violate any laws, statutes, local ordinances, state or federal regulations, regarding controlled substances, or otherwise, or any court order or administrative order or ruling, nor is such performance in violation of any loan document's conditions or restrictions in effect for financing, whether secured or unsecured.
7. BENEFIT: This agreement shall be binding upon and inure to the benefit of the parties hereto and their legal representatives, successors and assigns.
8. NOTICES: Any notice required or desired to be given under this agreement shall be deemed given if in writing sent by certified mail to the addresses of the parties to this lease agreement as follows:

Landlord: Thomas L. Gautsch, M.D., 570 Hartsville Pike, Gallatin, TN 37066  
Tenant: Advanced Diagnostic Imaging, PC, PO BOX 249, Goodlettsville, TN 37070

9. CAPTIONS: Captions are used in this agreement for convenience only and are not intended to be used in the construction or in the interpretation of this agreement.

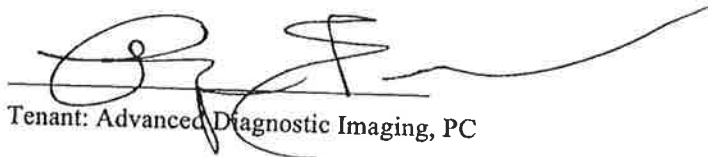
10. INVALID PROVISION: In the event any provision of this agreement is held to be void, invalid or unenforceable in any respect, then the same shall not affect the remaining provisions hereof, which shall continue in full force and effect.

11. ENTIRE AGREEMENT: This agreement contains the entire understanding of the parties. It may not be changed orally. This agreement may be amended or modified only in writing that has been executed by both parties hereto.

12. INTERPRETATION: This lease agreement shall be interpreted under the laws of the State of Tennessee

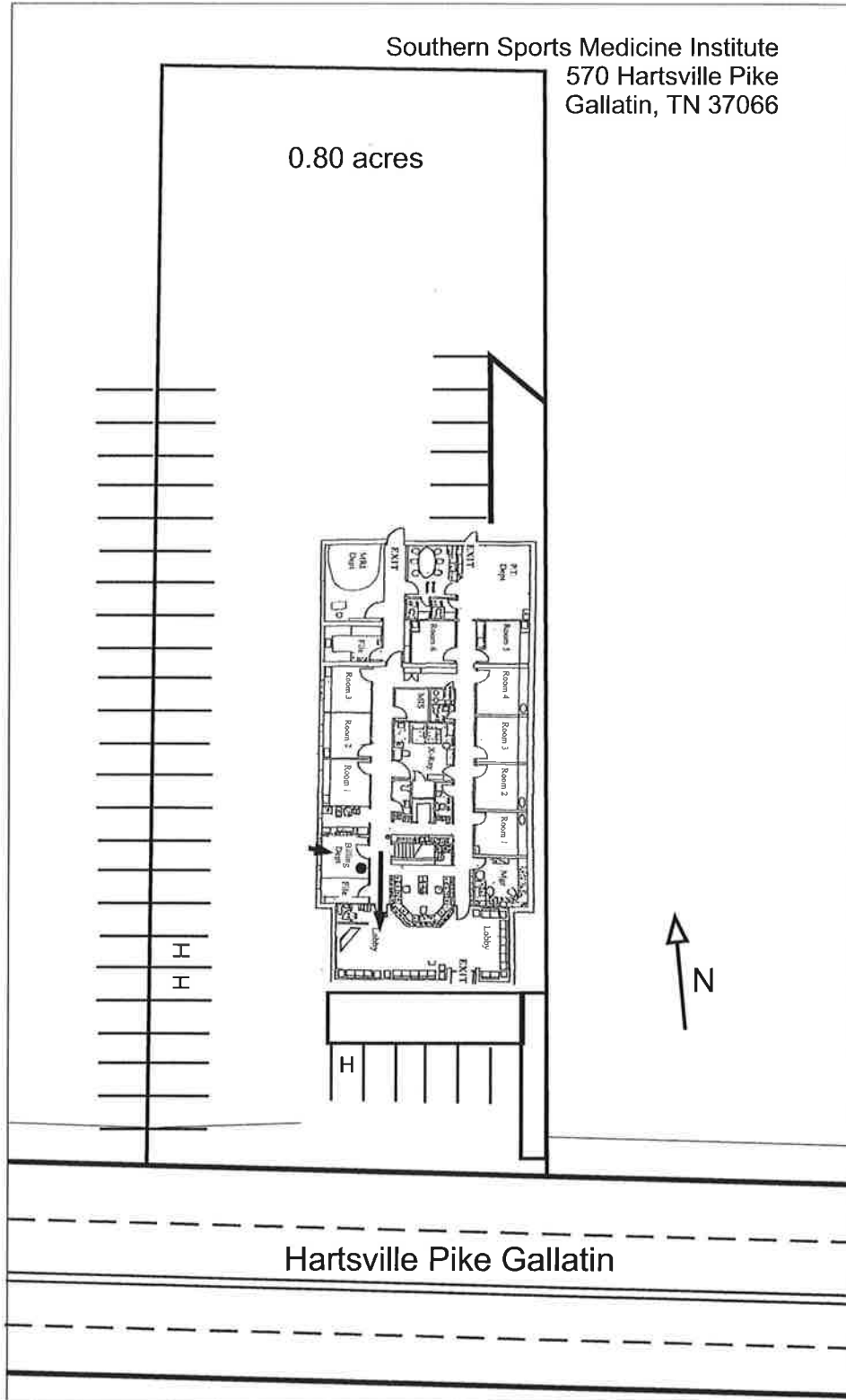


Landlord: Thomas L. Gautsch, MD

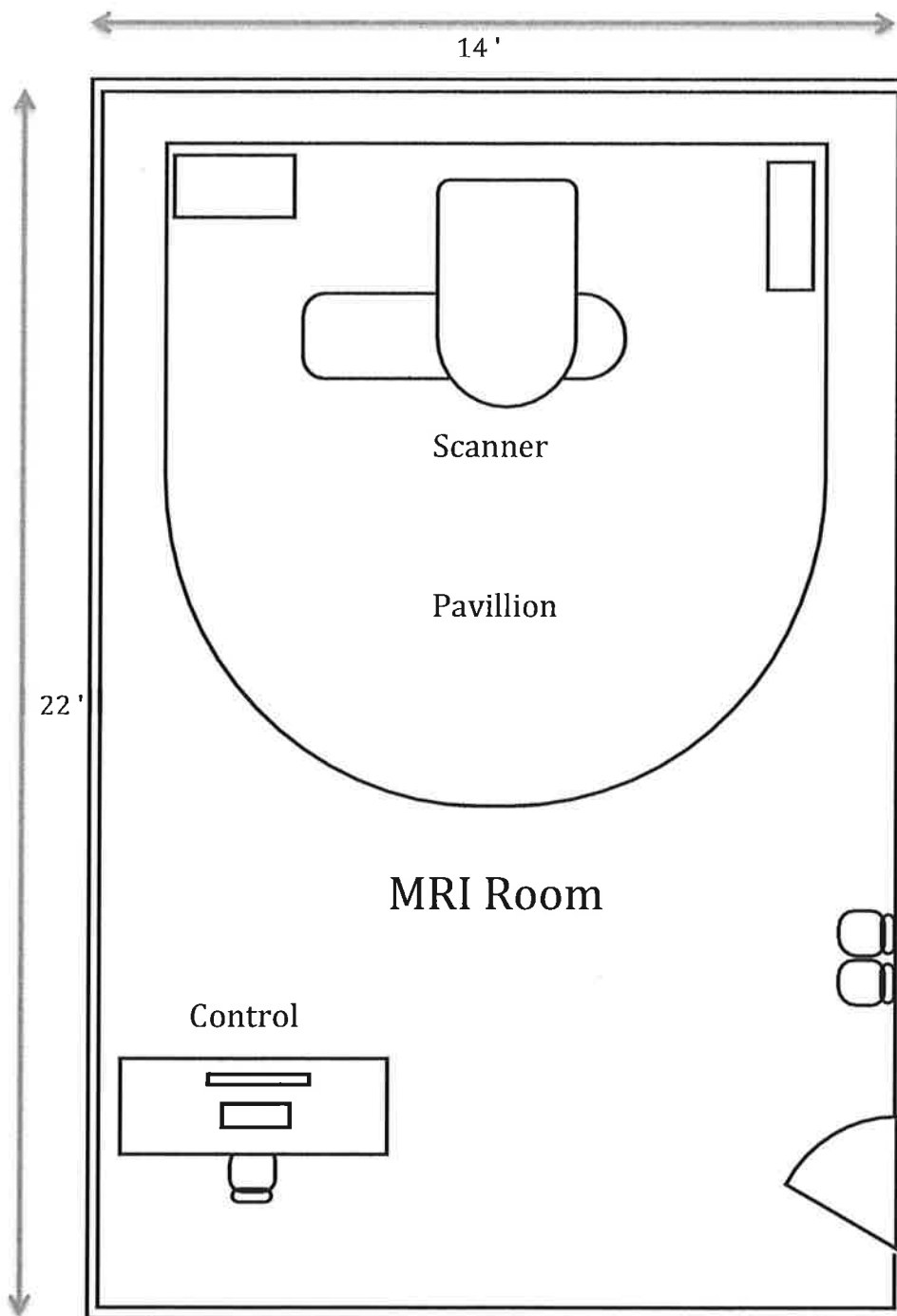


Tenant: Advanced Diagnostic Imaging, PC

ATTACHMENT B.III.(A)1  
COPY OF PLOT PLAN



ATTACHMENT B.IV  
COPY OF FLOOR PLAN



MRI Room 308 sqft., contains scanner and its equipment  
(An additional 61 sqft. is attributed from common space.)

## KEY

② MAGNET ISOCENTER

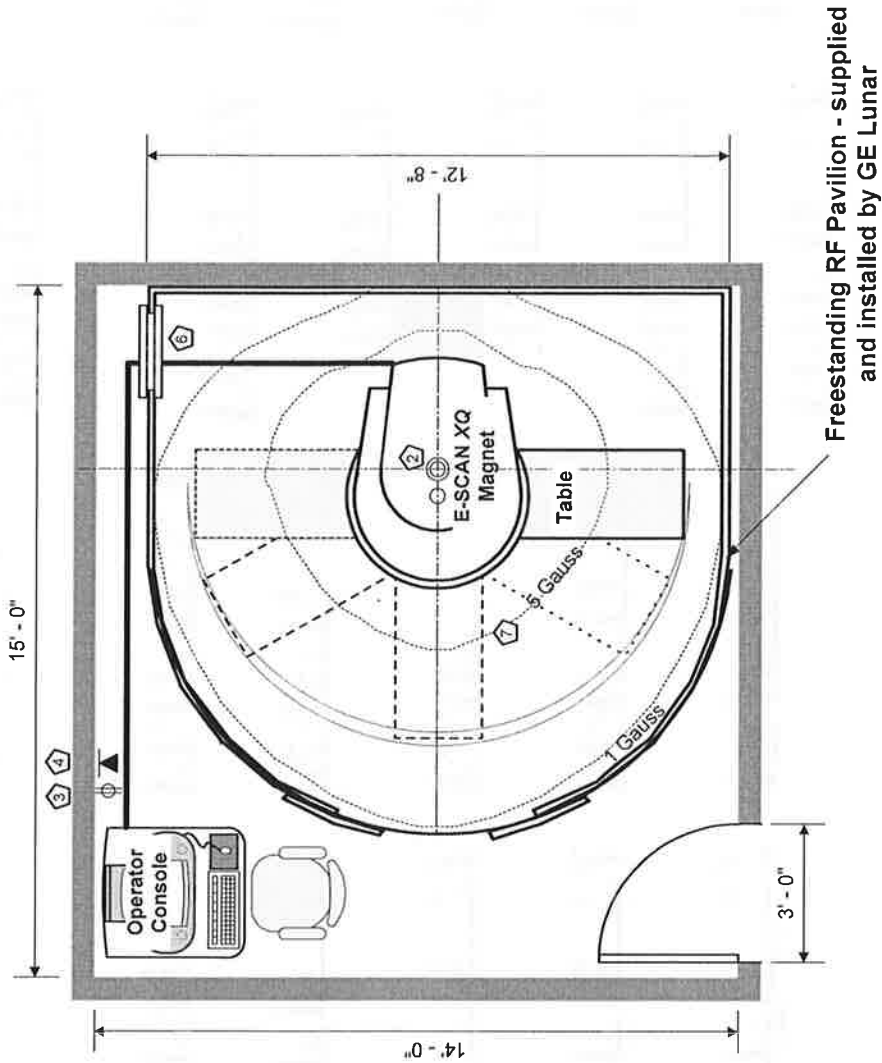
③ TELEPHONE LINE  
REQUIRED FOR  
SERVICE MODEM

④ DEDICATED 110VAC,  
20AMP GROUNDED  
OUTLET REQUIRED

⑥ GE LUNAR SUPPLIED  
RF PENETRATION  
PANEL

See Pg. 14 Fig. 2-4 in  
the Site Planning Guide  
for actual dimensions

⑦ 5 GAUSS LINE:  
EXCLUSION ZONE  
FOR PERSONS WITH  
PACEMAKERS OR  
OTHER BIOMEDICAL  
IMPLANTS.



## Typical E-SCAN XQ Layout - Sample Pavilion Layout

**GE LUNAR CORP**  
726 Heartland Trail  
MADISON, WI 53717  
Phone: (608) 828-2663  
Fax: (608) 826-7105



### Key

Window	
Existing wall	
New wall	
RF screened wall	

Sample

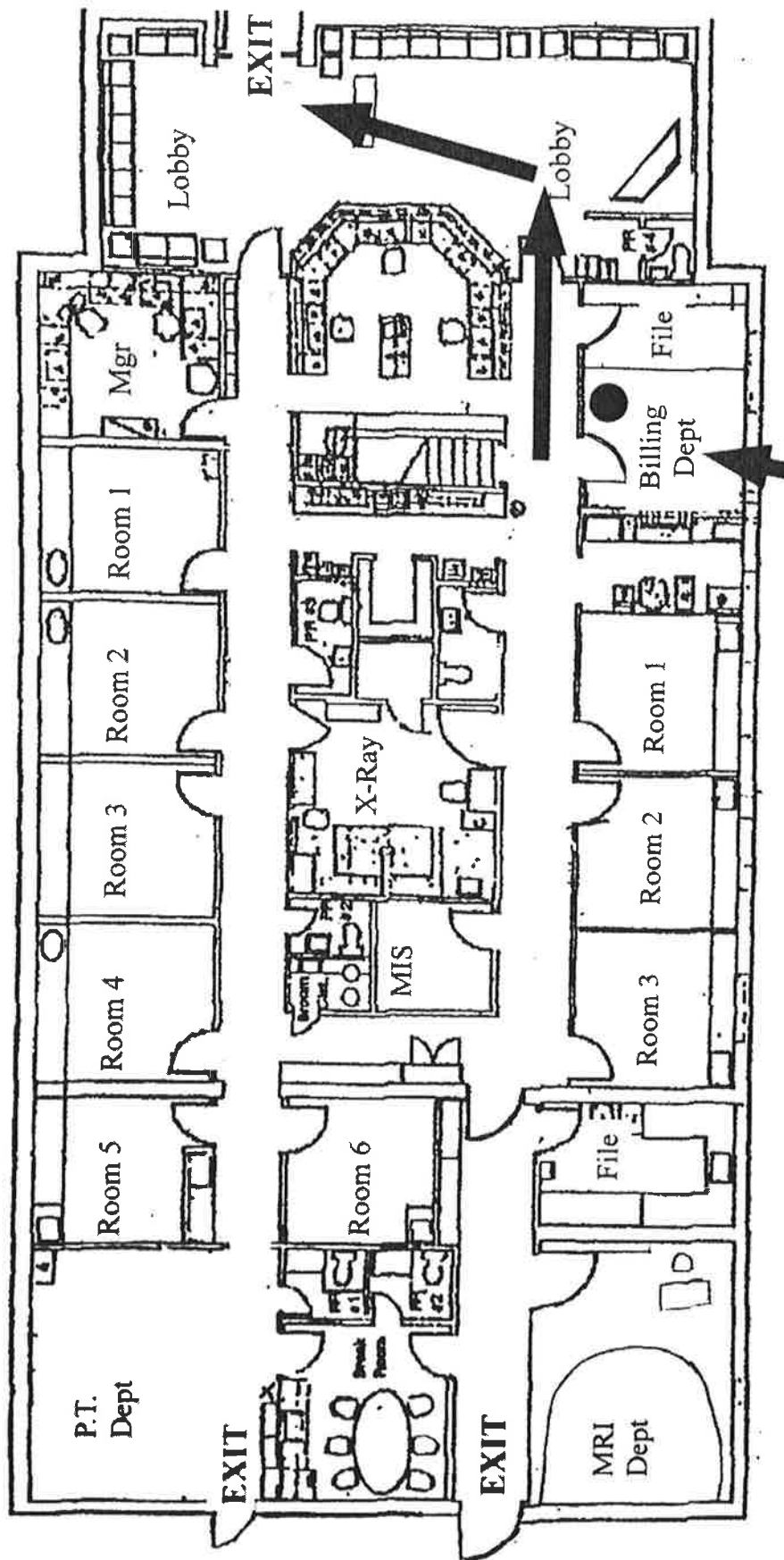
NS  
00/00/00  
1/4" = 1' - 0"

Please Sign and Date For  
Your Approval:

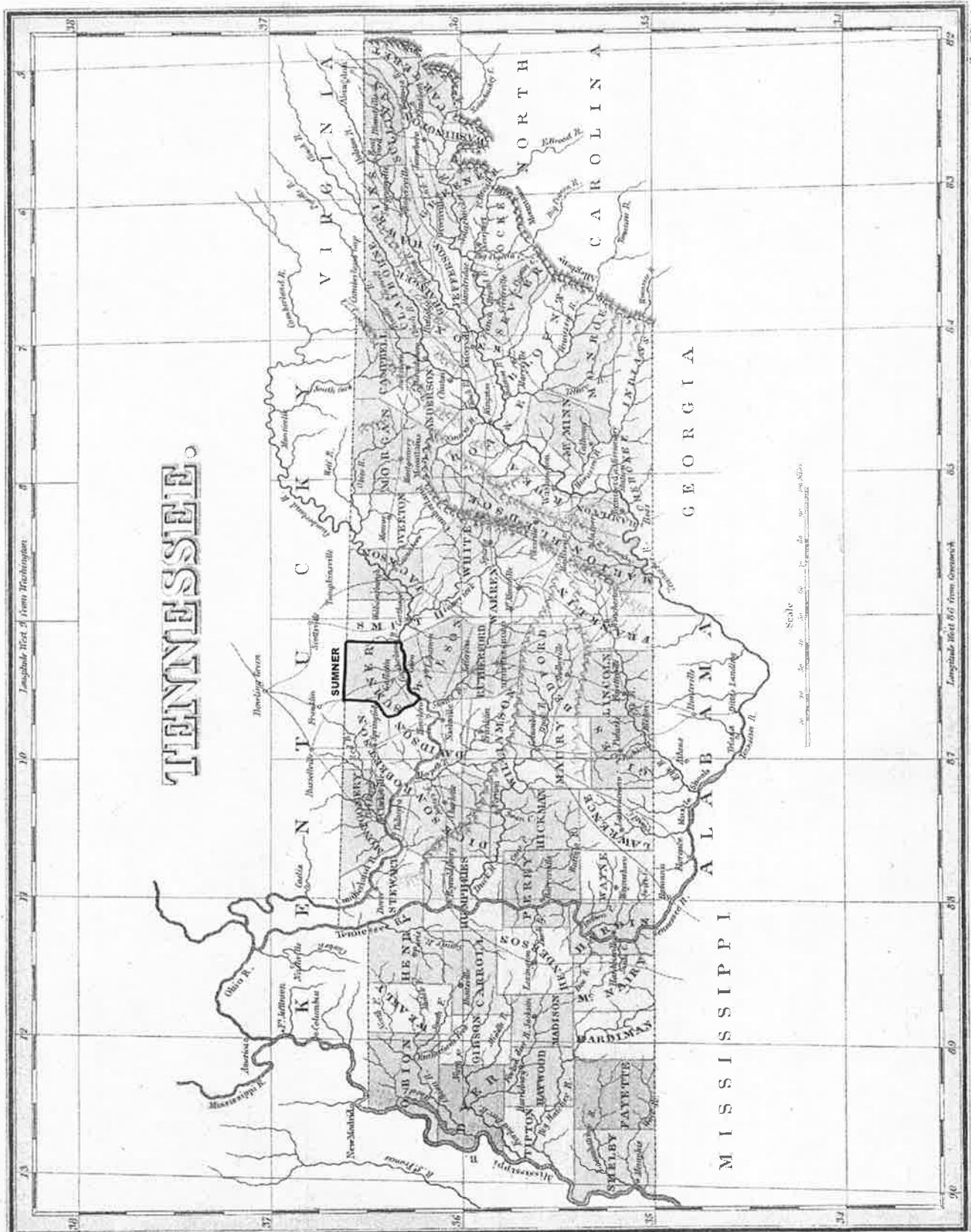
Initials: \_\_\_\_\_

Date: \_\_\_\_\_





# ATTACHMENT C. NEED – 3 MAP OF SERVICE AREA

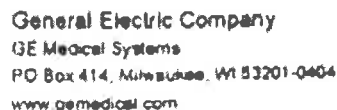


## Attachment Section C, Economic Feasibility, Item 4

### OTHER EXPENSES

<b><u>OTHER EXPENSES CATEGORIES</u></b>	<b><u>Year 2011</u></b>	<b><u>Year 2012</u></b>	<b><u>Year 2013</u></b>
1   Expensable Capital Purchases	\$1,640	\$268	\$-
2   Janitorial Service	\$404	\$430	\$420
3   Pest Control	\$39	\$48	\$49
4   Total Insurance	\$3,368	\$210	\$249
5   Licenses and Permits	\$2,400	\$-	\$1,200
6   Postage and Delivery	\$287	\$167	\$98
7   Printing and Reproduction	\$61	\$-	\$72
8   Service Repairs & Maintenance	\$2,922	\$1,350	\$3,721
<b>Total Other Expenses</b>	<b>\$11,120</b>	<b>\$2,473</b>	<b>\$5,809</b>

Attachment Section C,  
Economic Feasibility, Item 8  
Original Scanner Purchase Agreement



**Southern Sports Medicine**  
570 Hartsville Pike  
Gallatin TN 37066-2450

Attn: Cheryl Cleveland  
Administrator  
570 Hartsville Pike  
Gallatin TN 37068-2450

General Electric Company, GE Medical Systems, is pleased to submit this Quotation for the products described herein, subject to the enclosed Terms and Conditions of Sale for GE Medical Systems Products (F3730 9/03), and the following:

- |                              |   |
|------------------------------|---|
| • Terms and Conditions:      | Other Terms and Conditions may apply to certain products in this Quotation (e.g., Accessories). If applicable, such additional Terms and Conditions are also enclosed and will apply to the specified products.   |
| • Warranty:                  | The enclosed GEMS Consolidated Product Warranty (F37Q5 9/03) will apply to GEMS diagnostic imaging systems. Other warranties may apply to certain products in this Quotation (e.g., Accessories). If applicable, such additional Warranties are also enclosed and will apply to the specified products. |
| • Terms of Delivery:         | CIF   |
| • Quotation Expiration Date: | 06-15-2004  |
| • Billing Terms:             | 10% down / 70% delivery / 20% installation or first patient use   |
| • Payment Terms:             | UPON RECEIPT  |
| • Contract Price Protection: | 12 months from date of contract execution, subject to increase 0.5% per month after such 12 months period.  |

Submitted By:

James English  
Sales Rep

Agreed To By:

Authorized Company	Date
Representative	

CUSTOMER

Agreed To By:

Authorized Customer Representative	Date
------------------------------------	------

Print or Type Name Thomas L. Gautsch MD

Chief officer

POH

Please return to your local sales representative

Acceptance of these terms contingent upon MRI system being delivered, installed and in-service by September 1, 2004



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee WI 53201-0414  
www.gemedical.com

Quotation Number: S2-C3816 V 1

## QUOTATION

Qty Catalog No.

Description

1 H8700ES

The E-Scan XQ Magnetic Resonance Imaging unit is designed specifically for imaging of the extremities, (knee, shoulder, lower leg, ankle foot, hand, wrist, forearm, elbow and a limited population of hips due to gantry size).

### E-Scan XQ Magnet

The unique open magnet design is based on many years of advanced research and clinical feedback in the area of extremity imaging.

- Field strength: 0.2T +/- 10%
- Type: Permanent
- Field Orientation: Vertical
- Weight: 3,792 lbs
- Gradient Strength: 20mT/m
- Slew Rate: 25mT/m/ms.
- Gradient Rise Time: .8 msec from 0 - +20mT/m
- 5G Line: Maximum 4'-3" (from Isocenter)
- Environmental: Internal Thermostatic Control System

### E-Scan XQ RF System

The E-Scan XQ gantry features a self-centering RF coil positioning system, insuring the coil is always in the center of the magnetic field. The coils, except for the flexible coil, are on a swivel base allowing them to rotate up to 120 degrees to accommodate any patient position.

Preamplifiers integrated into the RF coils provide optimal image quality.

- Coil Design: Dual Phased Array: Knee, Wrist and Ankle  
Solenoidal: Shoulder
- RF Coils: Shoulder: (14.5x17.5x12.6 cm)  
Knee: (14.3x16.0x18.3 cm)  
Wrist: (11.9x7.2x28.5 cm)  
Ankle: (14.5x10.0x20.2 cm)



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0404  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
-----	-------------	-------------

- Max RF Power: 600W
- Preamplifiers: Integrated in each coil.
- Positioning: Padding set included providing comfortable patient positions and restricting movement.

#### E-SCAN XQ Image Display System

The advanced technology platform uses the Windows 2000 Professional operating system. The user interface is extremely easy to use allowing current Windows users to learn the system quickly.

- CPU: Pentium III
- Memory (RAM): 256 Mbyte
- Hard Disk: 20 GB - stores 130,000 and 256 x 256 Images
- Image Archiving: 3 1/2", 1.3GB
- Re-writable Magneto-Optical Disk (MOD) stores up to 8,000 256x256 images.
- Re-writable CD ROM unit (standard 5 1/4" Disks) stores up to 5,000 256x256 images
- Patient Mgmt: Patient database system tracks previous patients scans by disk number (MOD)
- Image Archiving: 3 1/2", 1.3GB Re-writable Magneto-Optical Disk (MOD) stores up to 8,000, 256x256 images Re-writable CD ROM unit (standard 5 1/4" Disks) stores up to 5,000, 256x256 images
- Patient Mgmt: Patient database system tracks previous patients scans by disk number (MOD)
- User Interface: Keyboard and Mouse
- Operating System: Windows 2000 Professional
- Graphical Interface: Windows
- Signal Processor: Digital 72 Mflops, 128 MB Mem



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee WI 53201-0404  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No	Description
		<ul style="list-style-type: none"><li>• Control Processor: 40 MIPS, 256KB Memory</li><li>• Reconstruction: 0.8 sec (per 256x256 Image)</li><li>• Image Format: DICOM 3.0</li><li>• Networking: DICOM 3.0 Storage, Media Exchange, Print and Worklist Management</li></ul>
		<p>NOTE: Customers will be required to provide cabling, appropriate interface devices and network connection from the E-SCAN XQ operator console to the teleradiology/viewing location. Customer is also responsible for all telephone, network and/or internet service provider charges. Contact your GEMS Orthopedics Sales Representative for specific requirements and recommendations.</p>
		<p>E-SCAN XQ IMAGING PARAMETERS</p>
		<p>E-SCAN XQ has been developed solely to image extremities. By using standard MR imaging sequences, patient throughput is fast and efficient.</p>
		<p>Pulse Sequences:</p>
		<ul style="list-style-type: none"><li>• Scout orthogonal multi-plane (3 orthogonal axis)</li><li>• Spin Echo (SE)</li><li>• Gradient Echo (GE)</li><li>• Multiple Spin Echo (ME)</li><li>• Inversion Recovery (IR)</li><li>• STIR</li><li>• Turbo Spin Echo (TSE)</li><li>• Turbo Multiple Echo (TME)</li><li>• Half Spin Echo (HSE)</li><li>• Half Fourier (HFE)</li><li>• Gradient Echo STIR (GEFS)</li></ul>





General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0404  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		<ul style="list-style-type: none"><li>• 3D Gradient Echo (GE3D)</li><li>• Turbo 3D (T3D)</li></ul>
		Image reconstruction:
		<ul style="list-style-type: none"><li>• 2D Fourier Transform</li><li>• 3D Fourier Transform</li></ul>
		Slice thickness:
		<ul style="list-style-type: none"><li>• 2D from 2.0mm to 10mm, 0.5mm increments</li><li>• 3D from 0.7mm to 10mm, 0.1mm increments</li></ul>
		Interslice Spacing
		<ul style="list-style-type: none"><li>• Contiguous slices available, system default</li></ul>
		Slice Orientation
		<ul style="list-style-type: none"><li>• Transvers</li><li>• Sagittal</li><li>• Coronal</li><li>• Oblique and Double Oblique</li></ul>
		Slice Packages:
		<ul style="list-style-type: none"><li>• Multiple packages parallel</li><li>• TR independent from the number of slices</li></ul>
		Acquisition Matrix:
		<ul style="list-style-type: none"><li>• 2D from 192x128 to 256x256</li><li>• 3D from 192x128x24 to 256x256x128</li></ul>



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GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0414  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		Resolution:
		<ul style="list-style-type: none"><li>• Min: 0.4mm</li></ul>
		Field of View:
		<ul style="list-style-type: none"><li>• 100mm to 300mm, 10mm increments</li><li>• Displayed FOV: 14cm</li></ul>
		Number of Slices:
		<ul style="list-style-type: none"><li>• 1-96</li></ul>
		E-SCAN XQ Image Processing and Manipulation
		The E-SCAN XQ provides powerful and easy to use image manipulation tools.
		Help: Tutorial on line
		Multi-tasking:
		<ul style="list-style-type: none"><li>• All operations can be performed in parallel</li><li>• Indicator of background task (format, archive, etc)</li></ul>
		Exam Queue:
		<ul style="list-style-type: none"><li>• Management and planning of scan queue for a complete examination</li><li>• Customization of protocols with archiving</li></ul>
		Positioning:
		<ul style="list-style-type: none"><li>• Visualize current image with geometrical references on the scout image</li><li>• Graphic Positioning by using the mouse</li></ul>
		Quality Control
		<ul style="list-style-type: none"><li>• Real time quality indicator gives the user a clear indication about scan quality with reference to the chosen parameters before starting the scan</li></ul>
		Image Tools:
		On single image or complete series:
		<ul style="list-style-type: none"><li>• Window width/level</li></ul>



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GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0414  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		<ul style="list-style-type: none"><li>• Zoom</li><li>• Pan</li><li>• Clip</li><li>• Rotate</li><li>• Mirror</li><li>• Measurements</li><li>• Distance</li><li>• Angle</li><li>• ROI (manual, rectangular, oval) size, media</li><li>• Standard deviation</li><li>• Annotation on Images</li></ul>
		Database functions
		<ul style="list-style-type: none"><li>• Search-alphabetic, chronological, patient</li><li>• Sort</li><li>• Archiving and export function for MOD and CD-ROM</li></ul>
		E-SCAN XQ Siting Requirements
		The E-SCAN XQ design makes the siting of the system cost effective and very simple. Requiring no special power or air conditioning the E-SCAN XQ can typically be placed in a room as small as 12'x12' (144 square feet). Custom site layouts, RF shielding solutions and site planning support is provided through the GEMS Orthopedics Installation Team.
		Weights
		<ul style="list-style-type: none"><li>• Magnet and Table weight: 4,519 lbs.</li></ul>



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0414  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		<ul style="list-style-type: none"><li>Operator Console: 331 lbs.</li></ul> <p>RF Shielding - Required Power Requirement - 110VAC, +/-10% 16AMP Service Power Consumption: 16KVA (0.8KVA on stand-by) Telephone Line: A customer supplied and maintained dedicated line is required for the E-SCAN XQ Remote Assistance System.</p>
1	H8700HP	HOSPITAL GRADE PLUG
1	H8700KT	MR Installation Kit
1	H8700PP	Rectangle Position Pads
1	H8700WP	4 Wedges Position Pads
1	H8705MD	3-1/2 MAG OPT DISK 640MB
1	E4502KA	1.5 KVA UPS - 120 Volt Input/Output ..R
1	H8705LM	18 Inch High Resolution LCD Monitor High Resolution monitor for use with the E-SCAN XQ and C-SCAN Extremity MRI systems.
1	H8700MM	<p>The Magnetic Compensation Module is a special device that allows the installation of the E-SCAN in sites where a MRI unit typically cannot be installed because of the presence of variations in the external magnetic field.</p> <p>This could be caused, for example, by metal masses moving nearby the magnet, such as an elevator, train or by AC magnetic disturbances.</p> <p>This device avoids the need to install expensive magnetic shielding.</p> <p>It is composed of:</p> <ul style="list-style-type: none"><li>- a probe that takes measurements of the external magnetic noise, and</li><li>- a coil that compensates the magnetic fluctuations measured by the probe.</li></ul>
1	H8700RP	<p>Modular RF Screened Pavilion</p> <p>The pavilion is a modular RF enclosure assembled on-site. This "room within a room" features an aluminum frame and wall panels with dual sliding access doors. The room weighs approximately 992 lbs. completed and</p>



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0404  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		provides 70 dB of RF attenuation. It is appropriate for sites with ample room (system is 14 feet, 9 inches wide x 13 feet, 3 inches deep x 8 inches high) and low RF profiles (maximum RF 70 dB mV/m). The floor holding the pavilion should be finished to a flatness of 1/4 inch over 10 feet. This room includes installation and delivery. Buyer accepts responsibility for all site modifications, permits and approvals. GEMS ORTHOPEDICS will provide complete details to your architect or builder. See the GEMS ORTHOPEDICS Site Planning Guide for details on this room.
1	H8706TA	MRI Training 1 Day On-Site
1	H8706TM	Training for one qualified MR Technologist in the use and operation of the E-SCAN XQ at the GEMS Orthopedics headquarters in Madison, WI for an initial period of 4.5 days (8 hours per day, Monday 8:00 am through Thursday 5:00 pm, and Friday 8:00 am to 12:00 noon). This uninterrupted training provides hands-on scanning on an E-SCAN XQ system. Reasonable travel and living costs are included.
1	E8200E	Codonics Horizon Grayscale 14 Inch x 17 Inch Film-Only Diagnostic Imager with DICOM Light (2 Associations) ..E
1	E8200F	Codonics DirectVista Blue Film, 14 Inch x 17 Inch, 500 Sheets per Box ..H

Quote Summary:

Total List Price:	\$619,823.00
Total Discount:	\$204,832.93
Total Quote Selling Price:	\$414,990.07

(Quoted prices do not reflect state and local taxes if applicable)

4 Year QuantaCare Service Contract @ \$120,000 if purchased with system.

\*All progress payments, including the delivery portion, are due to us prior to final system calibration. We reserve the right to delay final system calibration until all such payments are received. If we incur any collection expenses for past due payments, we reserve the right to charge you for such expenses, up to the amount of 10% of the past due payments, and you agree to reimburse us for such expenses.

We will accept order changes up to 5 weeks prior to the scheduled arrival date (the expected equipment delivery date) or within 3 business days after



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0404  
www.gemedical.com

Quotation Number: S2-C3818 V 1

we receive your order. We reserve the right to deny late change requests. If we accept late requests, delivery may be delayed.

ANY CONTRACT RESULTING FROM THIS QUOTATION WILL BE BASED SOLELY AND EXCLUSIVELY ON OUR TERMS AND CONDITIONS OF SALE FOR GE MEDICAL SYSTEMS PRODUCTS AND OTHER TERMS AND CONDITIONS CONTAINED IN OR REFERENCED BY THIS QUOTATION.

ITEMS ASSOCIATED WITH THE ORDERED PRODUCTS AND PROVIDED UNDER THIS QUOTATION WITHOUT SEPARATELY IDENTIFIED CHARGE CONSTITUTE "DISCOUNTS OR OTHER REDUCTIONS IN PRICE" UNDER APPLICABLE FEDERAL LAW (42 U.S.C. 1320a-7b).

IT IS THE CUSTOMER'S RESPONSIBILITY TO DISCLOSE SUCH "DISCOUNTS OR OTHER REDUCTIONS IN PRICE" AS MAY BE REQUIRED UNDER ANY STATE OR FEDERAL PROGRAM WHICH PROVIDES COST OR CHARGE BASED REIMBURSEMENTS TO THE CUSTOMER FOR THE PRODUCTS OR SERVICES PROVIDED UNDER THIS QUOTATION.

FOR "NL" OR "NW" PREFIXED CATALOG NUMBERED PRODUCTS, OTHER THAN "NL521", "NL528", "NL531" OR "NL538", WE DO NOT PROVIDE PRE-INSTALLATION OR EQUIPMENT PLANNING SERVICES, INSTALLATION, WARRANTY, SERVICE, PARTS OR APPLICATION SUPPORT. "FOR 'E' PREFIXED CATALOG NUMBERED PRODUCTS, THE SINGLE LETTER (A THROUGH H) SHOWN AT THE END OF THE QUOTATION DESCRIPTION INDICATES THE SERVICE CODE FOR THE PRODUCT. AN EXPLANATION OF THIS CODE IS FOUND ON THE REVERSE SIDE OF THE ACCESSORIES WARRANTY INCLUDED WITH THIS QUOTATION."

PRICES SHOWN IN THIS QUOTATION DO NOT INCLUDE TAXES WHERE APPLICABLE, THEY WILL BE ADDED AND SHOWN SEPARATELY ON INVOICES AT TIME OF BILLING. IF YOU ARE TAX EXEMPT AND THIS IS YOUR FIRST ORDER WITH US, PLEASE REMIT A COPY OF YOUR TAX EXEMPTION CERTIFICATE WITH YOUR ORDER.

IF THIS ORDER INCLUDES PRODUCTS MANUFACTURED BY GE MEDICAL SYSTEMS INFORMATION TECHNOLOGIES, INC. ("GEMS IT"), AN AFFILIATE OF GENERAL ELECTRIC COMPANY, (A) GEMS IT WILL INVOICE YOU SEPARATELY FOR THE PORTION OF THE QUOTATION PURCHASE PRICE ATTRIBUTABLE TO SUCH GEMS IT PRODUCTS, PER THE SAME PAYMENT TERMS REFERENCED HEREIN, AND YOU AGREE TO PAY GEMS IT FOR SUCH PORTION OF THE PURCHASE PRICE, AND (B) UNLESS A SEPARATE GEMS IT WARRANTY IS REFERENCED IN AND ATTACHED TO THIS QUOTATION, SUCH GEMS IT PRODUCTS WILL BE COVERED BY A 12 MONTH WARRANTY PER THE TERMS OF THE GEMS CONSOLIDATED PRODUCT WARRANTY."

**ATTACHMENT C,  
ECONOMIC FEASIBILITY – 10  
INCOME STATEMENT AND BALANCE SHEET**

# Advanced Diagnostic Imaging, PC

## Income Statement

Period and Year to Date Compare to Last Year w/Percents

For the Period from October 1, 2014 to October 31, 2014

	Current Period		Year to Date		Last Year to Date	
<b>Revenue</b>						
Professional Fees	5,251,142	101%	41,386,000	101%	24,001,208	101%
Refunds	-43,602	-1%	-350,294	-1%	-173,542	-1%
<b>Net Professional Fees</b>	<b>5,207,541</b>	<b>100%</b>	<b>41,035,707</b>	<b>100%</b>	<b>23,827,666</b>	<b>100%</b>
Professional Fees - Premier Rad.	787,274	15%	3,359,283	8%	3,859,758	16%
Other Revenue	47,817	1%	474,926	1%	168,058	1%
<b>Total Revenues</b>	<b>6,042,631</b>	<b>116%</b>	<b>44,869,916</b>	<b>109%</b>	<b>27,855,482</b>	<b>117%</b>
<b>Operating Expenses</b>						
Staff Compensation	798,119	15%	6,517,993	16%	2,559,308	11%
Staff Physician Compensation	1,799,763	35%	13,964,561	34%	6,089,372	26%
General & Administrative Expenses	459,043	9%	3,933,910	10%	2,217,973	9%
Billing & Collections	351,727	7%	3,001,491	7%	2,302,507	10%
Teleradiology	25,003	0%	715,947	2%	322,095	1%
Insurance - Malpractice	60,470	1%	753,381	2%	527,985	2%
Non Operating Income & Expenses	20,208	0%	211,866	1%	85,295	0%
<b>Total Operating Expenses</b>	<b>3,514,333</b>	<b>67%</b>	<b>29,099,148</b>	<b>71%</b>	<b>14,104,536</b>	<b>59%</b>
<b>Available for owners income</b>	<b>2,528,299</b>	<b>49%</b>	<b>15,770,768</b>	<b>38%</b>	<b>13,750,946</b>	<b>58%</b>
<b>Owners Compensation</b>						
Owner Compensation	1,049,318	20%	10,564,300	26%	9,871,874	41%
Owner Bonuses	1,710,338	33%	3,054,755	7%	1,204,505	5%
<b>Total Owners Compensation</b>	<b>2,759,656</b>	<b>53%</b>	<b>13,619,055</b>	<b>33%</b>	<b>11,076,379</b>	<b>46%</b>
<b>Owners Income / &lt;Loss&gt;</b>	<b>-231,358</b>	<b>-4%</b>	<b>2,151,713</b>	<b>5%</b>	<b>2,674,567</b>	<b>11%</b>
<b>Total Expenses</b>	<b>6,273,989</b>	<b>120%</b>	<b>42,718,203</b>	<b>104%</b>	<b>25,180,916</b>	<b>106%</b>



**Advanced Diagnostic Imaging, PC**  
**Balance Sheet**  
**October, 2014**

	Balance
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash Operating	1,952,131
Intercompany - Rec. / <Payable>	66,079
Other Current Assets	21,655
<b>Total Current Assets</b>	<b>2,039,865</b>
<b>Fixed Assets</b>	
Leasehold Improvements	79,820
Equipment - Net	647,160
<b>Net Fixed Assets</b>	<b>726,980</b>
<b>TOTAL ASSETS</b>	<b>2,766,845</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Current Liabilities</b>	
Accounts Payable	202,865
Other Accrued Expenses	68,643
Other Current Liabilities	108,994
<b>Total Current Liabilities</b>	<b>380,502</b>
<b>Notes and Loan Payables</b>	
Funds Transferred from Subsidiaries	305,000
Deferred Revenue	83,565
<b>Total Long-Term Liabilities</b>	<b>388,565</b>
<b>Total Liabilities</b>	<b>769,068</b>
<b>Total Equity</b>	<b>1,997,778</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,766,845</b>

Section C, Contribution to the Orderly Development of  
Healthcare, 7 (b)

Accreditation



TRAUGER & TUKE  
ATTORNEYS AT LAW  
THE SOUTHERN TURF BUILDING  
222 FOURTH AVENUE NORTH  
NASHVILLE, TENNESSEE 37219-2117  
TELEPHONE (615) 256-8585  
TELECOPIER (615) 256-7444

01/09/15 09:10:10  
JAN 9 15 09:10:10

January 9, 2015

**By hand delivery**

Melanie M. Hill  
Executive Director  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Advanced Diagnostic Imaging, P.C. Letter of Intent

Dear Melanie:

Enclosed please find the original and two copies of the Letter of Intent for the referenced project. Publication of Intent was published in this morning's *Tennessean*, and ADI and Dr. Gautsch anticipate filing the certificate of need application within five days.

Very truly yours,



Byron R. Trauger

BRT:kmn

Enclosures

cc: Thomas L. Gautsch, M.D.  
Ryan D. Brown, Esquire



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

JAN 9 15 04:11:10

**LETTER OF INTENT**

The Publication of Intent is to be published in the **TENNESSEAN** \_\_\_\_\_ which is a newspaper  
of general circulation in **SUMNER** \_\_\_\_\_, Tennessee, on or before **1/09**, **2015**  
County (Month / day)(Year)  
for one day.

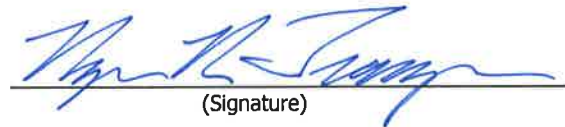
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Advanced Diagnostic Imaging, P.C., a professional private practice owned by itself, with an ownership type of Professional Corporation, and managed by itself, intends to file an application for a Certificate of Need to allow existing MRI services granted to Thomas L. Gautsch M.D., P.C. in the office of and in conjunction with the practice of Southern Sports Medicine Institute to continue to be provided in the same location, under ADI, d/b/a Advanced Health Partners, the multi-specialty physician group private practice that Dr. Gautsch is joining. No new equipment or construction will be required. The same open, extremity scanner and location, 570 Hartsville Pike, Gallatin TN, will be used and remain in place. The total anticipated project cost is \$624,935, inclusive of the value of the occupied space, legal/consulting fees associated with this application, and potential future cost of replacement of the existing MRI unit.

The anticipated date of filing the application is on or before January 14, 2015.

The contact person for this project is

Byron R Trauger, Attorney,  
who may be reached at Trauger and Tuke,  
222 Fourth Avenue North, Nashville, TN 37219. (615) 256-8585

  
(Signature)

1/09/2015  
(date)

btrauger@tntlaw.net, tgautsch@kneeguru.com  
(E-mail Addresses)



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

## CONSENT CALENDAR

February 2, 2015

Byron R. Trauger, Esq.  
Trauger and Tuke  
222 Fourth Avenue North  
Nashville, TN 37219

RE: Certificate of Need Application for Advanced Diagnostic Imaging, P.C. d/b/a Southern Sports Medicine Institute -- CN1501-002

The applicant is seeking approval to continue in-office magnetic resonance imaging (MRI) services limited to extremities approved in Thomas L. Gautsch, MD, PC, CN0110-088A, under the ownership of Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute (SSMI), an existing multi-specialty physician practice group that Dr. Gautsch is joining. Other than the change in ownership, no change in site, equipment (GE Lunar E-Scan 0.2 Tesla Open MRI scanner) or imaging services (extremity MRI scans) will occur. The project cost is \$624,935.00.

Dear Mr. Trauger:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 30-day review cycle for **CONSENT CALENDAR** for this project will begin on February 2, 2015. The first thirty (30) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the thirty (30)-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on March 25, 2014.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill", written in a cursive style.

Melanie M. Hill  
Executive Director

cc: Trent Sansing, CON Director, Division of Health Statistics



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

#### MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill  
Executive Director

DATE: February 2, 2015

RE: Certificate of Need Application  
Advanced Diagnostic Imaging, P.C. d/b/a Southern Sports  
Medicine Institute -- CN1501-002  
**CONSENT CALENDAR**

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a **CONSENT CALENDAR** thirty (30) day review period to begin on February 2, 2015 and end on March 2, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Byron R. Trauger, Esq.



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

January 20, 2015

Byron R. Trauger  
222 Fourth Avenue North  
Nashville, TN 37219

RE: Certificate of Need Application CN1501-002  
Advanced Diagnostic d/b/a Southern Sports Medicine Institute

Dear Mr. Trauger:

This will acknowledge our January 14, 2015 receipt of your application for a Certificate of Need to continue in-office magnetic resonance imaging (MRI) services limited to extremities approved in Thomas L. Gautsch, MD, PC, CN0110-088A, under the ownership of Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute (SSMI), an existing multi-specialty physician practice group that Dr. Gautsch is joining. Other than the change in ownership, no change in site, equipment (GE Lunar E-Scan 0.2 Tesla Open MRI scanner) or imaging services (extremity MRI scans) will change as a result of the project.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 1 p.m., January 23, 2015.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

#### 1. Section A, Item 3 and Published LOI

It appears that the name - Southern Sports Medicine Institute - was omitted from the published LOI in lieu of the name identified in Section A, Item 1, page 1 and the name noted in the executive summary of the project on pages 5 and 6 of the application (Advanced Diagnostic Imaging P.C d/b/a Southern Sports Medicine



describe the arrangement planned for billing of their professional fees for interpretation of the applicant's extremity MRI images as it pertains to their participation in the TennCare MCOs noted in the applicant's response. If billing separately, it would be helpful to include names, medical and provider license numbers of the radiologists involved in this regard.

**5. Section B, Project Description, Item I.A**

Based on the comments provided in the 3<sup>rd</sup> paragraph of the executive summary (page 6), Dr. Gautsch, an Orthopaedic Surgeon, a new replacement physician to be hired in the near future and a non-physician provider are expected to order extremity MRI imaging for the existing scanner. Please briefly explain how the referrals of the non-physician provider apply in this regard. Please also briefly describe how the scope of the project might be broader as a result of increased referrals by multi-specialty physician employees of ADI located throughout the Middle-Tennessee area.

**6. Section B, Project Description, Item II.E (MRI Equipment)**

*Note: as a suggestion, it would help to attach the vendor quote for purchase of the agreement as documentation of the response for this item in lieu of providing it as documentation for Section C, Economic Feasibility, Item 8 on page 28 of the application. Please provide a replacement cover page for the vendor's equipment quote labeled as Section B, Project Description, Item II.E.*

Item II.E.3 - the description of primary and occasional MRI applications by standard CPT code and plans for imaging interpretation support by board certified radiologists of ADI are noted. Please confirm that the radiologists that interpret the applicant's MRI images are actively licensed Tennessee physicians.

There is a reference on page 28 to a \$100 cost per scan for imaging interpretation services, which might equate to an annual cost of \$72,600 in Year 1 of the project. As such, please briefly describe the arrangement planned for covering the costs of professional imaging interpretation fees, including billing of same by ADI, as appropriate.

**7. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging, (MRI)**

The responses are noted. Please provide clarification for the following items:

Item 5.b.

#### 10. Section C, Economic Feasibility, Item 1

The use of the estimated fair market values (FMV) for both the office space and the Extremity MRI scanner in the applicant's Project Costs Chart are noted. Thank you for providing the comparison with the actual estimated lease costs for these items.

With respect to the MRI cost, the applicant states that the \$500,000 FMV estimate for the MRI equipment cost is a generous estimate to obtain a new replacement scanner when it becomes necessary. Review of the vendor quote for the existing unit approved in Thomas Gautsch, MD, CN0110-88A and subsequently acquired in 2004 appears to indicate a cost of approximately \$534,990 with discount but before taxes and shipping. What developments in the manufacture of the General Electric E Scan X Q unit or comparable replacement unit since 2004 might account for acquisition at a lower total MRI new equipment/replacement cost at some future year?

#### 11. Section C, Economic Feasibility, Item 2

Please provide documentation from the applicant's Chief Financial Officer that attests to the availability of sufficient cash reserves to support the project.

#### 12. Section C, Economic Feasibility, Item 4

It would be helpful to have a Historical Data Chart for Advanced Diagnostics, PC that corresponds to the 2 most recent fiscal periods show in the financial statements provided with the application.

##### Historical Data Chart of SSMI-

Given the amounts shown for Gross Operating Revenue and Total Deductions, it appears that there are math errors in the calculation for Net Operating Revenue (NOR) in each of the 3 fiscal year periods shown in the table. For example, NOR in 2013 should be \$260,320 in lieu of the \$309,736 amount shown in the chart. As a result, net operating income of SSMI appears to be overstated. Please make the appropriate changes and submit a revised historical data chart in a replacement page for the application (page 25-R).

As noted, the applicant states on page 28 that the cost for imaging interpretation services by radiologists is approximately \$100 per scan. As such, it appears the cost might be approximately \$72,300 in fiscal year 2013. Where are these costs reflected in the chart and what were the amounts by fiscal year period?

Absent any amounts in the chart for physician salaries, is it generally correct that Net Operating Income (NOI) can be interpreted to mean NOI before physician compensation? Please clarify.

Tennicare			
Managed care			
Commercial			
Self-Pay			
Other			
Total			

### 15. Section C, Orderly Development, Item 3

The response is noted. Please complete the table illustrating the staffing planned by the applicant to continue staffing for the MRI service.

Position Title	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage	Area-wide Average Wage
Total				

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is March 18, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted in triplicate, with a properly executed and notarized affidavit. Please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

# Supplemental #1 -Copy-

Advanced Diagnostic  
Imaging PC d/b/a  
Southern Sports Medicine  
Institute

CN1501-002

**January 23, 2015**

**12:41 pm**

TRAUGER & TUKE  
ATTORNEYS AT LAW  
THE SOUTHERN TURF BUILDING  
222 FOURTH AVENUE NORTH  
NASHVILLE, TENNESSEE 37219-2117  
TELEPHONE (615) 256-8585  
TELECOPIER (615) 256-7444

January 23, 2015

***VIA HAND DELIVERY***

Mr. Philip J. Grimm, MHA  
HSDA Reviewer  
Health Services & Development Agency  
502 Deaderick Street, Ninth Floor  
Nashville, Tennessee 37243

RE: Certificate of Need Application CN1501-002  
Advanced Diagnostic Imaging, P.C. d/b/a  
Southern Sports Medicine Institute

Dear Mr. Grimm:

Enclosed for filing, on behalf of my client Advanced Diagnostic Imaging, P.C. d/b/a Southern Sports Medicine Institute, is an original and three copies of the responses to the questions and issues you raised in your letter to me of January 16, 2015. Please date stamp an additional enclosed copy of these responses and return it to me.

Thank you for your assistance.

Very truly yours,



Byron R. Trauger

BRT:kmn

Enclosures

Cc: Thomas L. Gautsch, MD  
Ryan D. Brown, Esq.

**January 23, 2015**

**12:41 pm**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Advanced Diagnostic Imaging, P.C.

I, Ryan Brown, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] General Counsel  
Signature/Title

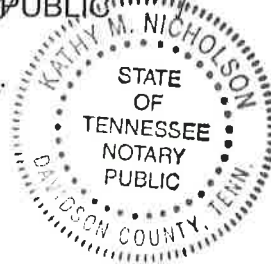
Sworn to and subscribed before me, a Notary Public, this the 23<sup>rd</sup> day of January, 2015  
witness my hand at office in the County of Davidson, State of Tennessee.

Kathy M. Nicholson  
NOTARY PUBLIC

My commission expires 3/8, 14.

HF-0043

Revised 7/02



**January 23, 2015****12:41 pm**

January 22, 2015

Philip Grimm, MHA  
HSDA Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9th floor,  
502 Deaderick St.  
Nashville, TN 37243

RE: Certificate of Need Application CN1501-002  
Advanced Diagnostic d/b/a Southern Sports Medicine Institute

Dear Mr. Grimm,

Following are the responses to your January 16 set of supplemental questions:

**1. Section A, Item 3 and Published LOI**

It appears that the name – Southern Sports Medicine Institute - was omitted from the published LOI in lieu of the name identified in Section A, Item 1, page 1 and the name noted in the executive summary of the project on pages 5 and 6 of the application (Advanced Diagnostic Imaging P.C d/b/a Southern Sports Medicine Institute). Given the applicant's plans to secure approval of the CON under its name and retain as much public recognition as possible of the existing MRI service, please clarify by confirming the name of the applicant.

**Response:** The applicant is Advanced Diagnostic Imaging, P.C.

ADI seeks to replace Thomas L. Gautsch, MD, PC, to whom the existing MRI CON is granted, to continue "in-office magnetic resonance imaging (MRI) services utilizing a GE Lunar E-scan 0.2 Tesla open dedicated MRI for extremity scanning in the office of and in conjunction with the practice of Southern Sports Medicine Institute". After joining the multi-specialty group ADI, SSMI will be one of the individual care centers that constitute the private group practice ADI. Southern Sports Medicine Institute will remain the name of the facility, becoming a d/b/a name of ADI.

Review of the information on file for ADI with the Secretary of State's office revealed several assumed names in calendar year 2103 such as The Hand Center, Pinnacle Surgical Partners, Advanced Orthopaedic and Spine and Advanced Cardiovascular & Thoracic Surgery. Please identify all active ADI sites in TN with names & addresses that provide MRI services (as of January 2015).

**Response:** ADI currently does not have any sites that provide MRI services. Dr. Gautsch's office location will be the first site offering such services.

**January 23, 2015****12:41 pm**

Review of the state website and Goggle Search also points to what appears to be a potential organizational linkage between ADI and Premier Radiology. If applicable, please briefly describe the relationship and identify the names and addresses of all Premier sites with MRI in TN (if different from the list requested for ADI). It would be helpful to include an organizational chart with your response to further illustrate the organizational relationship between the parties.

**Response:** ADI and Premier are legally separate organizations. ADI provides professional interpretations for imaging studies performed at some of the Premier Radiology locations via a professional services agreement. Some of the radiologists who practice at ADI also have indirect ownership in Middle Tennessee Imaging, LLC d/b/a Premier Radiology.

Please see attached Organizational Chart.

Please see attached list of the Premier Radiology sites that provide MRI services.

## **2. Section A, Item 6**

The attachment of the signed lease 1/9/2015 agreement of the 308 square foot office space at 570 Hartsville Pike in Gallatin, TN between Dr. Gautsch (landlord) and Advanced Diagnostic Imaging, P.C. (tenant) is noted. In your response, please also provide a copy of the title or deed to the property, recent tax record or like item that documents the landlord's (Thomas L. Gautsch, MD) ownership of same.

**Response:** Please see the attached Tax record.

## **3. Section A, Item 8**

The response is noted.

As described in the Letter of Intent & other parts of the application, the existing MRI service approved in CN0110-088A will continue operating as a private physician practice. Given the potential for allowing a broader scope of patients within SSMI's service area as a result of joining ADI and participating in its 3<sup>rd</sup> party payor networks, does the project include MRI services for all patients of the multi-specialty physicians associated with ADI, in addition to those currently registered with SSMI? Please clarify. In your response, please identify the names & specialties of physician members/employees of ADI that are expected to refer patients to the applicant's Gallatin location for extremity MRI services.

**Response:** At this time, with the exception of Dr. Gautsch, there are not specific physicians employed by ADI who are expected to refer MRI services to the SSMI location. Other than Dr. Gautsch, there is only one other ADI multi-specialty physician practicing in a different part of Sumner County who may have use for the extremity scanner. However, referral patterns would make it unlikely that this other provider would use the scanner at Dr. Gautsch's office.



**4. Section A, Project Description, Item 13**

The increase in participation in all active TennCare MCOs as a result of joining ADI is noted. Since an immediate benefit of the project appears to be interpretation of extremity MRI images by any or all of the 37 radiologists employed by ADI, please describe the arrangement planned for billing of their professional fees for interpretation of the applicant's extremity MRI images as it pertains to their participation in the TennCare MCOs noted in the applicant's response. If billing separately, it would be helpful to include names, medical and provider license numbers of the radiologists involved in this regard.

**Response:** Once Dr. Gautsch joins ADI, ADI will bill for the services of the MRI, as it will bill for all other services performed by Dr. Gautsch. Because Dr. Gautsch will be part of the same provider as the reading radiologists, all MRI studies will be billed globally to include both the technical and professional portions of the imaging services.

**5. Section B, Project Description, Item I.A**

Based on the comments provided in the 3<sup>rd</sup> paragraph of the executive summary (page 6), Dr. Gautsch, an Orthopaedic Surgeon, a new replacement physician to be hired in the near future and a non-physician provider are expected to order extremity MRI imaging for the existing scanner. Please briefly explain how the referrals of the non-physician provider apply in this regard. Please also briefly describe how the scope of the project might be broader as a result of increased referrals by multi-specialty physician employees of ADI located throughout the Middle-Tennessee area.

**Response:** SSMI has at various times employed Physician Assistant providers in the practice. It is anticipated that a future PA working with Dr. Gautsch and/or a new future physician provider would also order scans utilizing this MRI scanner. As noted in question 3 above, at this time, it is not anticipated that other ADI multi-specialist physicians will refer to the scanner in Dr. Gautsch's office.

**6. Section B, Project Description, Item II.E (MRI Equipment)**

*Note: as a suggestion, it would help to attach the vendor quote for purchase of the agreement as documentation of the response for this item in lieu of providing it as documentation for Section C, Economic Feasibility, Item 8 on page 28 of the application. Please provide a replacement cover page for the vendor's equipment quote labeled as Section B, Project Description, Item II.E.*

Item II.E.3 – the description of primary and occasional MRI applications by standard CPT code and plans for imaging interpretation support by board certified radiologists of ADI are noted. Please confirm that the radiologists that interpret the applicant's MRI images are actively licensed Tennessee physicians.

**Response:** The ADI radiologists that will interpret the applicant's MRI images are all actively licensed Tennessee physicians, board certified in radiology.

There is a reference on page 28 to a \$100 cost per scan for imaging interpretation services, which might equate to an annual cost of \$72,600 in Year 1 of the project. As such, please briefly describe the arrangement planned for covering the costs of professional imaging interpretation fees, including billing of same by ADI, as appropriate.

**Response:** As noted in question 4 above, ADI will globally bill the MRI services performed in Dr. Gautsch's office to include both the technical and professional components of the MRI imaging. For the purposes of the Projected data chart, an estimate of the average professional portion of the globally billed services is provided as "fees to affiliates" since they are replacing the "fees to non-affiliates", the radiologists who currently read the studies at a per study cost of \$85 - \$100 per study. The annual cost listed in the Historical Data Chart is exclusive of those government funded programs which require the radiologists to bill for their services directly.

#### **7. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging, (MRI))**

The responses are noted. Please provide clarification for the following items:

##### Item 5.b.

Given the historical utilization in excess of 85% of capacity provided in the response, was downtime of the unit taken into consideration?

**Response:** Yes. Although following the 5.b criteria calculates a utilization in excess of 85%, one experienced additional benefit of this Doctor office based MRI service is the easy ability to expand or contract hours or days of operation to match patient and physician needs by simply shifting job responsibilities internally.

##### Item 7.b

What existing documentation might help document safety of the unit such as satisfactory compliance with city or county requirements? Given the age of the unit, what plans does ADI have to inspect and document the safety of the physical environment before or shortly after its merger with SSMI?

**Response:** Standard internal tests are run on the scanner prior to every day of operation. Additionally, regular periodic maintenance, and recalibration if necessary, is performed. The next most comprehensive scheduled evaluation will be in Feb. 2015. ADI will inspect the physical environment for safety.

##### Item 7.f

Please identify the ICAMRL accreditation type. Does ADI also maintain accreditation with this organization at its MRI locations in Middle Tennessee? Please clarify.

**Response:** Our ICAMRL accreditation was granted in the area of Musculoskeletal MRI. As noted above, ADI does not offer imaging at any of its other locations.

There are two primary MRI accrediting bodies recognized by CMS and many insurers – the American College of Radiology (ACR) and the International Commission for the Accreditation of Magnetic Resonance Laboratories (ICAMRL). Both primary accreditation programs feature credentialing requirements for medical staff, clinical image quality requirements, equipment performance standards, and quality control measures. When a facility passes MRI accreditation, the site is awarded a three-year certification. Premier Radiology Locations are ACR accredited. Most Radiology groups seek accreditation through the ACR, their professional body. Most Orthopedic practices with office based MRI scanners seek accreditation by ICAMRL, since the American Academy of Orthopaedic Surgeons is one of its sponsoring organizations.

Representatives from these below organizations make up the IAC MRI Board of Directors:  
**BOARD OF DIRECTORS & SPONSORING ORGANIZATIONS**

- American Academy of Orthopaedic Surgeons (AAOS)
- American Academy of Neurology (AAN)
- American College of Cardiology (ACC)
- American Society of Neuroimaging (ASN)
- American Society of Radiologic Technologists (ASRT)
- International Society for Musculoskeletal Imaging in Rheumatology (ISEMIR)
- Society for Cardiovascular Magnetic Resonance (SCMR)

#### **8. Section C, Need, Item 2 and Section C, Economic Feasibility, Item 11**

The responses are noted. In terms of development plans and given the multi-specialty nature of ADI, was any consideration given to requesting that the limitation to extremities in CN0110-088A be lifted as part of the project in lieu of having to request same in the future? Please explain.

**Response:** It is our understanding that restriction in terms of extremity only scanning mostly relates to the fact that the scanner located at the SSMI location is only capable of doing extremity scanning. If at some point in the future it becomes necessary to replace the scanner at this location, it may make sense to replace it with a more modern scanner that is capable of scanning other parts of the body. With this in mind, it may be most efficient to remove this restriction from the CON at this time to reduce the administrative burden of having to approach the HSDA later. Of course unless and until the scanner is replaced, only extremities will be scanned because that is all that the scanner is capable of doing. There are no current plans to replace the scanner.

#### **9. Section C, Need, Item 5**

The 2 tables documenting MRI utilization trend of Sumner County providers are noted. Regarding utilization reported in the JAR table, what accounts for the significant difference between the Sumner Station's MRI utilization for 2013 (4,090) and the utilization per HSDA Equipment registry records (1,922 MRI procedures).

**January 23, 2015****12:41 pm**

Given ADI's existing operations in other MRI sites in Middle Tennessee, please identify utilization of each site by completing the table below using MRI procedures documented in the HSDA Equipment Registry.

**Response:**

Please see attached relevant pages from the SRMC 2013 JAR demonstrating their reported number of MRI procedures in 2013. The reasons for the discrepancy between the HSDA Equipment Registry data and the SRMC submitted JAR is unclear. However, there have been significant changes to large provider networks in that approximate time-frame, in particular the Blue S Network, for which SRMC remains an in-network provider while Tri-Star facilities no longer are.

It is actually not correct to say that ADI has existing operations as such in other MRI sites. As noted above, ADI currently does not provide MRI services. Some of ADI's radiologist owners have an indirect ownership interest in a separate company called Middle Tennessee Imaging, LLC d/b/a Premier Radiology. However, Premier Radiology is not the applicant for this CON. Nevertheless, in anticipation of the question posed in regard to Premier Radiology, we have completed the table below with respect to Middle Tennessee Imaging, LLC's (Premier's) locations:

Historical Utilization of **Middle Tennessee Imaging, LLC** MRI Locations

<b>Provider</b>	<b>Current # units (type)</b>	<b>County</b>	<b>Distance from SSMI (miles)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>% Change '11-'13</b>	<b># MRI procedures by Sumner County residents (2013)</b>
Mobile MRI Medical Services	1 mobile	Montgomery	61.8	0	0	1,404	--	0
Premier Radiology Belle Meade	3 fixed	Davidson	37.2	7,408	7,355	6,582	-11.2%	450
Premier Radiology Brentwood	1 fixed	Davidson	38.2	774	854	1,189	53.6%	20
Premier Radiology Cool Springs	2 fixed	Williamson	47.6	3,828	3,645	3,095	-19.1%	17
Premier Radiology Hermitage	1 fixed	Davidson	28.3	4,869	4,897	4,536	-6.8%	467
Premier Radiology Midtown	2 fixed	Davidson	31.3	0	0	1,266	0.0%	73
Premier Radiology Mt. Juliet	1 fixed	Wilson	21.9	2,147	2,508	2,525	17.6%	131
Premier Radiology Murfreesboro	1 fixed	Rutherford	39.8	2,952	4,755	5,112	73.2%	9
Premier Radiology Nashville	1 fixed	Davidson	30.9	2,333	2,251	1,994	-14.5%	197
Premier Radiology Smyrna	1 fixed	Rutherford	38.4	1,585	2,484	2,370	49.5%	3
Premier Radiology St. Thomas Medical Plaza West	1 fixed	Davidson	37.7	0	0	0	0.0%	0
<b>Total</b>				<b>25,896</b>	<b>28,749</b>	<b>30,073</b>		<b>1,367</b>

**January 23, 2015****12:41 pm****10. Section C, Economic Feasibility, Item 1**

The use of the estimated fair market values (FMV) for both the office space and the Extremity MRI scanner in the applicant's Project Costs Chart are noted. Thank you for providing the comparison with the actual estimated lease costs for these items.

With respect to the MRI cost, the applicant states that the \$500,000 FMV estimate for the MRI equipment cost is a generous estimate to obtain a new replacement scanner when it becomes necessary. Review of the vendor quote for the existing unit approved in Thomas Gautsch, MD, CN0110-88A and subsequently acquired in 2004 appears to indicate a cost of approximately \$534,990 with discount but before taxes and shipping. What developments in the manufacture of the General Electric E Scan X Q unit or comparable replacement unit since 2004 might account for acquisition at a lower total MRI new equipment/replacement cost at some future year?

**Response:** The referenced \$534,990 was for an optional \$120,000 service contract over the first four years, in addition to the quoted price of \$414,990 for the actual set-up, scanner, RF pavilion, control console, large format film printer, pads, wedges, coils, cabinet etc.; all shipped and installed. Based on our actual repair experience with this unit, and advice/experience of the technician with whom GE independently contracted to provide those services to us (at a greatly inflated price) we would not purchase a service contract with a replacement scanner. We'll do better to pay directly for the very few repairs typically necessary in those first years, expected to be less than \$50,000.

\$414,990 also included items that would not need to be re-purchased with replacement of the existing scanner: the approximately \$20,000 modular RF screened pavilion, and the \$30,000 Codonics 14" x 17" digital film printer, made obsolete by a PACS server, and the ability to securely access studies electronically or burn studies to cd.

Nevertheless, a generous estimate of \$500,000 to allow for a future replacement scanner was made to allow plenty of margin for price, tax, and even a replacement pavilion, operator console, computer, monitor, etc. and all still fit well within a \$624,935 estimated project cost for this application -- to continue the existing MRI services in Dr. Gautsch's office after he joins ADI.

**11. Section C, Economic Feasibility, Item 2**

Please provide documentation from the applicant's Chief Financial Officer that attests to the availability of sufficient cash reserves to support the project.

**Response:** Please see attached letter from the CFO of Advanced Diagnostic Imaging, P.C.



**12. Section C, Economic Feasibility, Item 4**

It would be helpful to have a Historical Data Chart for Advanced Diagnostics, PC that corresponds to the 2 most recent fiscal periods show in the financial statements provided with the application.

**Response:** Although an existing project, with existing services, this project is new to ADI which does not currently have any revenue from MRI services. Therefore, similar to other new projects, there is no historical ADI MRI data to report. ADI is a physician group with many employed physicians, all of whom are providing professional medical services. ADI does not conduct any technical services as a general matter. As noted, after joining ADI, Dr. Gautsch's use of the MRI machine will be the first instance where ADI will be providing MRI services. ADI's financials are provided to demonstrate ADI's financial standing as the applicant.

**Historical Data Chart of SSMI-**

Given the amounts shown for Gross Operating Revenue and Total Deductions, it appears that there are math errors in the calculation for Net Operating Revenue (NOR) in each of the 3 fiscal year periods shown in the table. For example, NOR in 2013 should be \$260,320 in lieu of the \$309,736 amount shown in the chart. As a result, net operating income of SSMI appears to be overstated. Please make the appropriate changes and submit a revised historical data chart in a replacement page for the application (page 25-R).

**Response:** Please see attached revised historical data chart, page 25-R.

As noted, the applicant states on page 28 that the cost for imaging interpretation services by radiologists is approximately \$100 per scan. As such, it appears the cost might be approximately \$72,300 in fiscal year 2013. Where are these costs reflected in the chart and what were the amounts by fiscal year period?

Absent any amounts in the chart for physician salaries, is it generally correct that Net Operating Income (NOI) can be interpreted to mean NOI before physician compensation? Please clarify.

What types of operating expenses account for Fees to Non-Affiliates in Line D.8.b. of the chart (average cost of approximately \$48,400 per year)?

**Response:** SSMI currently pays a group of outside Radiologists to provide readings of the studies. The cost of reading, secure file transfer and storage, expedited reads etc., is something a bit less than \$100 per study. This is reflected in the fees to non-affiliates listed in the Historical Data Chart, but is exclusive of those government funded programs which require the radiologists to bill for their services directly to the carrier.

Projected Data Chart -

Absent no appreciable increase in the number of MRI procedures performed between 2013 and Year 1, what accounts for the estimated 35% in gross operating revenues of the project?

**Response:** The increased charges are simply a result of Dr. Gautsch joining ADI. ADI has a set charge-master that it uses for all of its services. ADI does not alter its charge-master by location. Although billed charges/gross operating revenues will increase, they have been unusually low and will still be below average for Middle Tennessee, and far below average in Sumner County. Nevertheless, we believe that the billed charges will not be particularly relevant to patients or insurers, because the charges do not determine the amounts actually owed by patients or payors. Whether \$1,540 or \$2,107 is charged, Medicare will still only pay \$234.43. Similarly with other carriers, amounts owed are a function of the allowable for each insurance carrier, which is determined by CMS or the State, or as negotiated by contract in the case of commercial insurance carriers. In all cases the amounts owed for the services provided are significantly less than the billed charges. This is true for almost all medical providers. For uninsured patients, ADI has set self-pay rates that are significantly less than the billed charges.

In terms of projected Management Fees, it appears that the applicant expects to incur new costs related to "Fees to Affiliates" as a result of the merger with Advanced Diagnostic Imaging, P.C. and will no longer have expenses related to "Fees to Non-Affiliates". In addition, the management fees are expected to increase by approximately 154% from \$52,955 in fiscal year 2103 to \$134,505 in Year 1 of the project. Please explain.

Please identify the amounts budgeted in Operating Expenses pertaining to imaging interpretation fees by radiologists.

**Response:** Historically and currently at SSMI, commercially reimbursed studies are read by non-affiliated Radiologists, at a per study cost to SSMI, but they directly bill for government plans which require it. After approval, all studies will be billed "globally" to all payors and a portion for reading, the professional component, attributed to the "affiliated" ADI Radiologists reading them as an expense to this care center. Additionally, an additional 5% of net revenues management fee to cover centralized billing and collection costs will be accounted to this care center.

**13. Section C, Economic Feasibility, Item 5**

The applicant states that the average gross charge will be \$2,107 per MRI procedure. This amount is consistent with what is budgeted in the Projected Data Chart for the project. As such, this average gross charge equates to an increase of approximately 34% from the \$1,570 average gross charge reflected in the Historical Data Chart on page 25 of the application and the rate reflected in HSDA Equipment Registry records for 2013 (\$1,540 per procedure).

Given that there appears to be no major changes to the existing MRI service such as capital outlay for a new MRI scanner and no appreciable change in the payor mix as

**January 23, 2015****12:41 pm**

reflected in the table on page 29, it is unclear how the project would have an impact of this magnitude on the charges of the existing MRI service. Please explain.

**Response:** The increased charges are simply a result of Dr. Gautsch joining ADI. For consistency, ADI has a set charge-master that it uses for all of its services. ADI's charge-master is used by all of its providers at all locations and type of service. Although important for accounting and internal consistency, in regards to economic feasibility, we believe that the change in billed charges will have little if any impact on patients or providers because billed charges do not determine the amounts actually owed by patients or payors. Net revenues are a function of the allowable rates for each insurance carrier, as determined by CMS (Medicare), TennCare, TriCare, VA, Work Comp boards, or as negotiated by contract, in the case of insurance carriers other than Medicare. In all cases the amounts received for services provided are both significantly less than the billed charges and unaffected by them. This is the case generally for almost all medical providers. For uninsured patients, ADI has set self-pay rates that are also significantly less than billed rates.

#### 14. Section C, Economic Feasibility, Item 9

The table is noted. Please include an entry for Gross Operating Revenue by payor source in Year 1 of the project. Please provide the revised table below in a replacement page 29-R for the application.

**Response:** Please see attached revised table in a page 29-R.

**Historical and Projected Service Payor Mix**

Payor Source	2013 SSMI Gross Revenue (as a % of total)	Year 1 Applicant's Projected Gross Revenue	Year 1 Gross Revenue by Payor Source as a % of total
Medicare	17.7%	\$270,692	17.7%
TennCare	11.6%	\$177,403	11.6%
Managed care	10.3%	\$157,521	10.3%
Commercial	57.6%	\$880,896	57.6%
Self-Pay	0.5%	\$7,647	0.5%
Other	2.3%	\$35,175	2.3%
Total	100.0%	\$1,529,334	100.0%

#### 15. Section C, Orderly Development, Item 3

The response is noted. Please complete the table illustrating the staffing planned by the applicant to continue staffing for the MRI service.



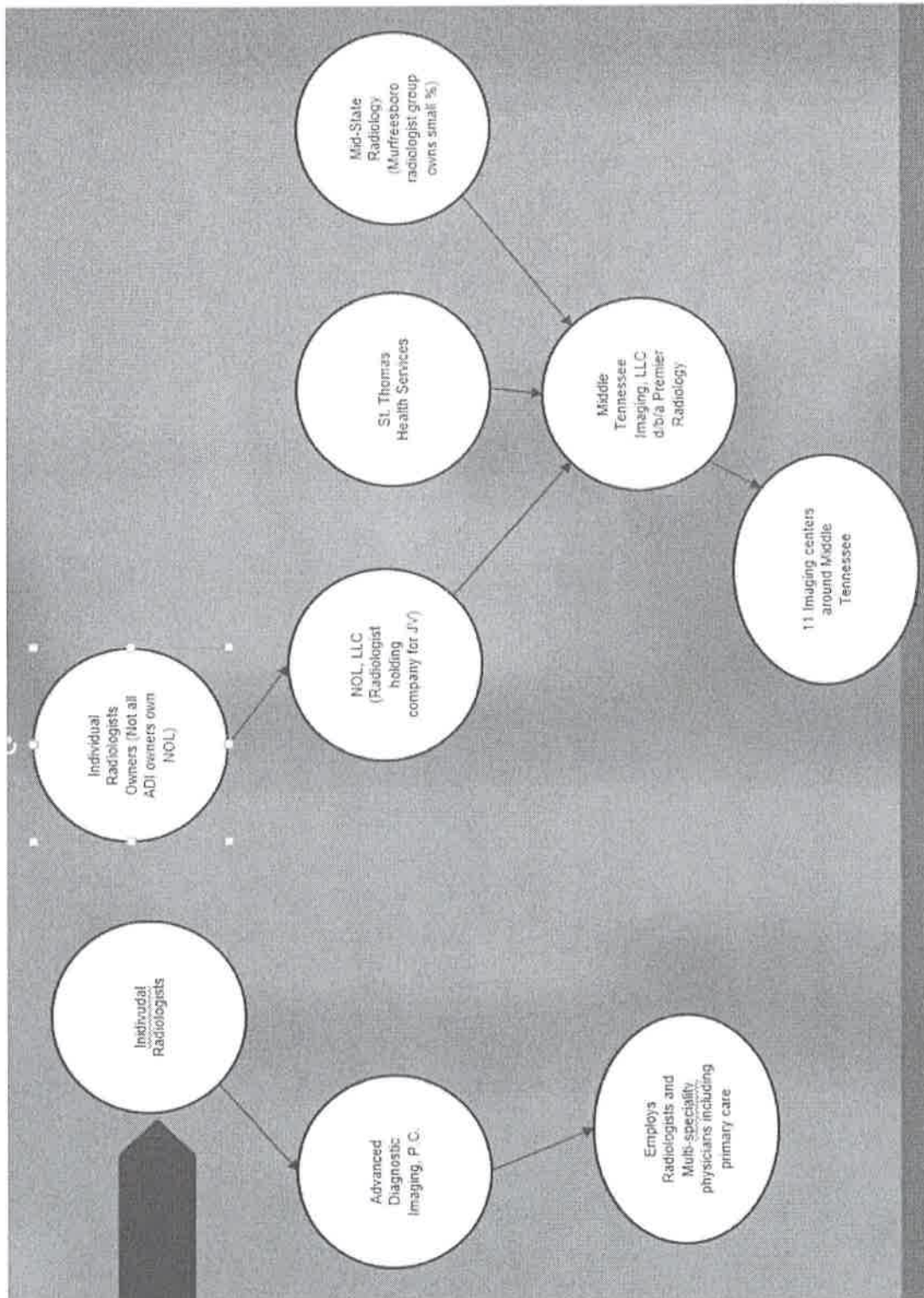
**SUPPLEMENTAL #1****January 23, 2015****12:41 pm****Response:**

Position Title	Existing FTEs 2013	Projected FTEs Year 1	Average Wage	Area-wide Average Wage
RT with SSMI paid MR training	0.4	0.4	\$15.50	\$15-22**
RT/MR tech director	0.1	0.1	\$23.00	\$20-\$25**
Total	0.5	0.5	\$17.00	\$15-\$25

\*\* Area-wide average wages are very rough estimates based on opinions and informal discussion. There are no other office based scanners in our primary or secondary service areas, with whom to compare, and we are unaware either of wages paid at other TN office based scanners, nor of data in their regard separate from the aggregation of all Hospital and ODC based staff in available labor statistical data.

Attachments  
Response to January 16  
Supplemental Questions

**Attachment**  
**Section A, Item 3 Part 1**  
**Organizational Charts for ADI and Premier Radiology**



**Attachment**  
**Section A, Item 3 Part 2**  
**List of all Premier sites that provide MRI services in TN**

BELLE MEADE  
28 White Bridge Pike Suite 111  
Nashville, TN 37205

BRENTWOOD  
789 Old Hickory Blvd.  
Brentwood, TN 37027

COOL SPRINGS  
3310 Aspen Grove Drive, Suite 101  
Franklin, TN 37067

CLARKSVILLE  
980 Professional Park Drive Suite E  
Clarksville , TN 37040

HERMITAGE  
5045 Old Hickory Blvd, Suite 100  
Hermitage, TN 37076

MT JULIET  
5002 Crossings Circle, Suite 140  
Mount Juliet, TN 37122

MURFREESBORO  
1840 Medical Center Pkwy SETON BUILDING | Suite 101  
Murfreesboro, TN 37129

NASHVILLE (Charlotte Ave)  
1800 Charlotte Avenue  
Nashville, TN 37203

Saint Thomas MIDTOWN  
300 20th Avenue North, Suite 202  
Nashville, TN 37203

Saint Thomas WEST  
4230 Harding Pike Suite 220  
Nashville , TN 37205

SMYRNA  
741 President Place, Suite 100  
Smyrna, TN 37167

January 23, 2015

12:41 pm

# Attachment Section A, Item 6 Tax Record

## SUMNER COUNTY 2014 TAX NOTICE

Marty Nelson, Trustee

355 Belvedere Drive N Room 107  
Gallatin, TN 37066 • (615) 452-1260

www.sumnertn.org

DIST	MAP	GP	C-MAP	PARCEL	SP-INT	CO	CI
03	126D	E	113M	019.00	000	083	278

Bill #	Total Due
29088	\$5,913.00
Property Address	
570 HARTSVILLE PIKE	

To avoid penalty and interest, taxes must be paid by March 2, 2015.



[Barcode]

\*\*\*\*\*AUTOMATED DIGIT 37031 21 85

GAUTSCH THOMAS L  
570 HARTSVILLE PIKE  
GALLATIN, TN 37066

nd  
at  
closing  
12-16-14



Make changes to *Please return this portion with your payment in the enclosed reply envelope. Make checks payable to address block above: Sumner County Trustee. If a receipt is required, please enclose a self-addressed stamped envelope.*

## SUMNER COUNTY 2014 TAX NOTICE

DIST	MAP	GP	C-MAP	PARCEL	SP-INT	CO	CI
03	126D	E	113M	019.00	000	083	278

Bill #	Total Due	
29088	\$5,913.00	
Property Address		
570 HARTSVILLE PIKE		
Classification		
Commercial		
Subdivision		
SCHAMBERGER & ALLEN		
Lot	Block	Acres
LIST	LIST	0.80

Your cancelled check, along with your portion of this statement, serves as your receipt. If a receipt is required, please enclose a self-addressed stamped envelope.

### Your payment options are:

- By mail: 355 Belvedere Drive N Room 107, Gallatin, TN 37066  
Payment postmarked after March 2, 2015 must include penalty.
- At our office, at that same address
- Drive-thru window and payment drop box available, at that same address
- At participating local banks \*
- On-line at our vendor's website: [www.sumnertn.org](http://www.sumnertn.org) \*
- Partial Payment Options \*

\*See back of notice for details

To pay your taxes, make checks payable to: Sumner County Trustee

To avoid penalty and interest, taxes must be paid by March 2, 2015.

Additional Description  
Plat: LIST Page: LIST Bloc Subd:  
SCHAMBERGER & ALLEN

Land value	\$285,000
Improvement value	\$306,300
Personal property	\$0
Appraised value	\$591,300
Assessment	40 %
Assessed value	\$236,520
Tax rate	2.5000
Roll back	\$0.00
Current taxes	\$5,913.00

Sumner County Trustee  
355 Belvedere Drive N Room 107  
Gallatin, TN 37066  
Phone: (615) 452-1260

Office Hours:  
Monday thru Friday 8:00am - 4:30pm  
[www.sumnertn.org](http://www.sumnertn.org)

## Attachment

Section B, Project Description, Item II.E.

Vender quote



**January 23, 2015****12:41 pm**

General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0404  
www.gemedical.com

Quotation Number: S2-C3818 V 1

Southern Sports Medicine  
570 Hartsville Pike  
Gallatin TN 37066-2450

Attn: Cheryl Cleveland  
Administrator  
570 Hartsville Pike  
Gallatin TN 37066-2450

Date: 05-27-2004

General Electric Company, GE Medical Systems, is pleased to submit this Quotation for the products described herein, subject to the enclosed Terms and Conditions of Sale for GE Medical Systems Products (F3730 9/03), and the following:

- Terms and Conditions: Other Terms and Conditions may apply to certain products in this Quotation (e.g., Accessories). If applicable, such additional Terms and Conditions are also enclosed and will apply to the specified products.
- Warranty: The enclosed GEMS Consolidated Product Warranty (F37Q5 9/03) will apply to GEMS diagnostic imaging systems. Other warranties may apply to certain products in this Quotation (e.g., Accessories). If applicable, such additional Warranties are also enclosed and will apply to the specified products.
- Terms of Delivery: CIF
- Quotation Expiration Date: 06-15-2004
- Billing Terms: 10% down / 70% delivery / 20% installation or first patient use
- Payment Terms: UPON RECEIPT
- Contract Price Protection: 12 months from date of contract execution, subject to increase 0.5% per month after such 12 months period.

General Electric Company, GE Medical Systems

Submitted By: James English  
Sales Rep Date

Agreed To By: \_\_\_\_\_  
Authorized Company Date  
Representative

CUSTOMER

Agreed To By:

Authorized Customer Date  
Representative

Thomas L. Gantsch  
Print or Type Name

Chief officer  
Title

PO#

Please return to your local sales  
representative

Acceptance of these terms contingent  
upon MRI system being delivered,  
installed and in-service by September 1, 2004

January 23, 2015

12:41 pm



General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0414  
www.gemedical.com

Quotation Number: S2-C3618 V 1

**QUOTATION**

Qty Catalog No.

Description

1 H6700ES

The E-Scan XQ Magnetic Resonance Imaging unit is designed specifically for imaging of the extremities, (knee, shoulder, lower leg, ankle foot, hand, wrist, forearm, elbow and a limited population of hips due to gantry size).

**E-Scan XQ Magnet**

The unique open magnet design is based on many years of advanced research and clinical feedback in the area of extremity imaging.

- Field strength: 0.2T +/- 10%
- Type: Permanent
- Field Orientation: Vertical
- Weight: 3,792 lbs
- Gradient Strength: 20mT/m
- Slew Rate: 25mT/m/ms.
- Gradient Rise Time: .8 msec from 0 - +20mT/m
- 5G Line: Maximum 4'-3" (from isocenter)
- Environmental: Internal Thermostatic Control System

**E-Scan XQ RF System**

The E-Scan XQ gantry features a self-centering RF coil positioning system, insuring the coil is always in the center of the magnetic field. The coils, except for the flexible coil, are on a swivel base allowing them to rotate up to 120 degrees to accommodate any patient position.

Preamplifiers integrated into the RF coils provide optimal image quality.

- Coil Design: Dual Phased Array: Knee, Wrist and Ankle  
Solenoidal: Shoulder
- RF Coils: Shoulder: (14.5x17.5x12.6 cm)  
Knee: (14.3x16.0x18.3 cm)  
Wrist: (11.8x7.2x28.5 cm)  
Ankle: (14.5x10.0x20.2 cm)



January 23, 2015

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General Electric Company  
GE Medical Systems  
PO Box 414, Milwaukee, WI 53201-0404  
www.gemmedical.com

Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		<ul style="list-style-type: none"><li>• Max RF Power: 600W</li><li>• Preamplifiers: Integrated in each coil.</li><li>• Positioning: Padding set included providing comfortable patient positions and restricting movement.</li></ul>
		<b>E-SCAN XQ Image Display System</b> The advanced technology platform uses the Windows 2000 Professional operating system. The user interface is extremely easy to use allowing current Windows users to learn the system quickly.
		<ul style="list-style-type: none"><li>• CPU: Pentium III</li><li>• Memory (RAM): 256 Mbyte</li><li>• Hard Disk: 20 GB - stores 130,000 and 256 x 256 Images</li><li>• Image Archiving: 3 1/2", 1.3GB</li><li>• Re-writable Magneto-Optical Disk (MOD) stores up to 8,000 256x256 images.</li><li>• Re-writable CD ROM unit (standard 5 1/4" Disks) stores up to 5,000 256x256 Images</li><li>• Patient Mgmt: Patient database system tracks previous patients scans by disk number (MOD)</li><li>• Image Archiving: 3 1/2", 1.3GB Re-writable Magneto-Optical Disk (MOD) stores up to 8,000, 256x256 images Re-writable CD ROM unit (standard 5 1/4" Disks) stores up to 5,000, 256x256 Images</li><li>• Patient Mgmt: Patient database system tracks previous patients scans by disk number (MOD)</li><li>• User Interface: Keyboard and Mouse</li><li>• Operating System: Windows 2000 Professional</li><li>• Graphical Interface: Windows</li><li>• Signal Processor: Digital 72 Mflops, 128 MB Mem</li></ul>

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Quotation Number: S2-C3818 V 1

Qty	Catalog No	Description
-----	------------	-------------

- Control Processor: 40 MIPS, 256KB Memory
- Reconstruction: 0.8 sec (per 256x256 Image)
- Image Format: DICOM 3.0
- Networking: DICOM 3.0 Storage, Media Exchange, Print and Worklist Management

NOTE: Customers will be required to provide cabling, appropriate interface devices and network connection from the E-SCAN XQ operator console to the teleradiology/viewing location. Customer is also responsible for all telephone, network and/or Internet service provider charges. Contact your GEMS Orthopedics Sales Representative for specific requirements and recommendations.

**E-SCAN XQ IMAGING PARAMETERS**

E-SCAN XQ has been developed solely to image extremities. By using standard MR imaging sequences, patient throughput is fast and efficient.

**Pulse Sequences:**

- Scout orthogonal multi-plane (3 orthogonal axis)
- Spin Echo (SE)
- Gradient Echo (GE)
- Multiple Spin Echo (ME)
- Inversion Recovery (IR)
- STIR
- Turbo Spin Echo (TSE)
- Turbo Multiple Echo (TME)
- Half Spin Echo (HSE)
- Half Fourier (HFE)

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Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
-----	-------------	-------------

- 3D Gradient Echo (GE3D)

- Turbo 3D (T3D)

Image reconstruction:

- 2D Fourier Transform

- 3D Fourier Transform

Slice thickness:

- 2D from 2.0mm to 10mm, 0.5mm increments

- 3D from 0.7mm to 10mm, 0.1mm increments

Interslice Spacing

- Contiguous slices available, system default

Slice Orientation

- Transvers

- Sagittal

- Coronal

- Oblique and Double Oblique

Slice Packages:

- Multiple packages parallel

- TR independent from the number of slices

Acquisition Matrix:

- 2D from 192x128 to 256x256

- 3D from 192x128x24 to 256x256x128

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Quotation Number: S2-C3818 V 1

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Qty	Catalog No.	Description
-----	-------------	-------------

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Resolution:

- Min: 0.4mm

Field of View:

- 100mm to 300mm, 10mm increments
- Displayed FOV: 14cm

Number of Slices:

- 1-96

E-SCAN XQ Image Processing and Manipulation

The E-SCAN XQ provides powerful and easy to use image manipulation tools.

Help: Tutorial on line

Multi-tasking:

- All operations can be performed in parallel
- Indicator of background task (format, archive, etc)

Exam Queue:

- Management and planning of scan queue for a complete examination
- Customization of protocols with archiving

Positioning:

- Visualize current image with geometrical references on the scout image
- Graphic Positioning by using the mouse

Quality Control

- Real time quality indicator gives the user a clear indication about scan quality with reference to the chosen parameters before starting the scan

Image Tools:

On single image or complete series:

- Window width/level

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Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
-----	-------------	-------------

- Zoom
- Pan
- Clip
- Rotate
- Mirror
- Measurements
- Distance
- Angle
- ROI (manual, rectangular, oval) size, media
- Standard deviation
- Annotation on images

**Database functions**

- Search-alphabetic, chronological, patient
- Sort
- Archiving and export function for MOD and CD-ROM

**E-SCAN XQ Siting Requirements**

The E-SCAN XQ design makes the siting of the system cost effective and very simple. Requiring no special power or air conditioning the E-SCAN XQ can typically be placed in a room as small as 12'x12' (144 square feet). Custom site layouts, RF shielding solutions and site planning support is provided through the GEMS Orthopedics Installation Team.

**Weights**

- Magnet and Table weight: 4,519 lbs.

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Quotation Number: S2-C3818 V 1

Qty	Catalog No.	Description
		<ul style="list-style-type: none"><li>Operator Console: 331 lbs.</li></ul>
		RF Shielding - Required
		Power Requirement - 110VAC, +/-10% 16AMP Service
		Power Consumption: 16KVA (0.8KVA on stand-by)
		Telephone Line: A customer supplied and maintained dedicated line is required for the E-SCAN XQ Remote Assistance System.
1	H8700HP	HOSPITAL GRADE PLUG
1	H8700KT	MR Installation Kit
1	H8700PP	Rectangle Position Pads
1	H8700WP	4 Wedges Position Pads
1	H8705MD	3-1/2 MAG OPT DISK 640MB
1	E4502KA	1.5 KVA UPS - 120 Volt Input/Output ...R
1	H8705LM	18 Inch High Resolution LCD Monitor High Resolution monitor for use with the E-SCAN XQ and C-SCAN Extremity MRI systems.
1	H8700MM	The Magnetic Compensation Module is a special device that allows the installation of the E-SCAN in sites where a MRI unit typically cannot be installed because of the presence of variations in the external magnetic field. This could be caused, for example, by metal masses moving nearby the magnet, such as an elevator, train or by AC magnetic disturbances. This device avoids the need to install expensive magnetic shielding. It is composed of: <ul style="list-style-type: none"><li>- a probe that takes measurements of the external magnetic noise, and</li><li>- a coil that compensates the magnetic fluctuations measured by the probe.</li></ul>
1	H8700RP	Modular RF Screened Pavilion The pavilion is a modular RF enclosure assembled on-site. This "room within a room" features an aluminum frame and wall panels with dual sliding access doors. The room weighs approximately 992 lbs. completed and

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Qty	Catalog No.	Description
		provides 70 dB of RF attenuation. It is appropriate for sites with ample room (system is 14 feet, 9 inches wide x 13 feet, 3 inches deep x 8 inches high) and low RF profiles (maximum RF 70 dB mV/m). The floor holding the pavilion should be finished to a flatness of 1/4 inch over 10 feet. This room includes installation and delivery. Buyer accepts responsibility for all site modifications, permits and approvals. GEMS ORTHOPEDICS will provide complete details to your architect or builder. See the GEMS ORTHOPEDICS Site Planning Guide for details on this room.
1	H8706TA	MRI Training 1 Day On-Site
1	H8706TM	Training for one qualified MR Technologist in the use and operation of the E-SCAN XQ at the GEMS Orthopedics headquarters in Madison, WI for an initial period of 4.5 days (8 hours per day, Monday 8:00 am through Thursday 5:00 pm, and Friday 8:00 am to 12:00 noon). This uninterrupted training provides hands-on scanning on an E-SCAN XQ system. Reasonable travel and living costs are included.
1	E8200E	Codonics Horizon Grayscale 14 Inch x 17 Inch Film-Only Diagnostic Imager with DICOM Light (2 Associations) ..E
1	E8200F	Codonics DirectVista Blue Film, 14 Inch x 17 Inch, 500 Sheets per Box ..H

Quote Summary:

Total List Price:	\$619,823.00
Total Discount:	\$204,832.93
Total Quote Selling Price:	\$414,990.07

(Quoted prices do not reflect state and local taxes if applicable)

4 Year QuantiaCare Service Contract @ \$120,000 if purchased with system.

\*As progress payments, including the delivery portion, are due to us prior to final system calibration. We reserve the right to delay final system calibration until all such payments are received. If we incur any collection expenses for past due payments, we reserve the right to charge you for such expenses, up to the amount of 10% of the past due payments, and you agree to reimburse us for such expenses.

We will accept order changes up to 5 weeks prior to the scheduled arrival date (the expected equipment delivery date) or within 3 business days after

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Quotation Number: S2-C3818 V 1

we receive your order. We reserve the right to deny late change requests. If we accept late requests, delivery may be delayed.

ANY CONTRACT RESULTING FROM THIS QUOTATION WILL BE BASED SOLELY AND EXCLUSIVELY ON OUR TERMS AND CONDITIONS OF SALE FOR GE MEDICAL SYSTEMS PRODUCTS AND OTHER TERMS AND CONDITIONS CONTAINED IN OR REFERENCED BY THIS QUOTATION.

ITEMS ASSOCIATED WITH THE ORDERED PRODUCTS AND PROVIDED UNDER THIS QUOTATION WITHOUT SEPARATELY IDENTIFIED CHARGE CONSTITUTE "DISCOUNTS OR OTHER REDUCTIONS IN PRICE" UNDER APPLICABLE FEDERAL LAW (42 U.S.C. 1320a-7b).

IT IS THE CUSTOMER'S RESPONSIBILITY TO DISCLOSE SUCH "DISCOUNTS OR OTHER REDUCTIONS IN PRICE" AS MAY BE REQUIRED UNDER ANY STATE OR FEDERAL PROGRAM WHICH PROVIDES COST OR CHARGE BASED REIMBURSEMENTS TO THE CUSTOMER FOR THE PRODUCTS OR SERVICES PROVIDED UNDER THIS QUOTATION.

FOR "NL" OR "NW" PREFIXED CATALOG NUMBERED PRODUCTS, OTHER THAN "NL521", "NL528", "NL531" OR "NL538", WE DO NOT PROVIDE PRE-INSTALLATION OR EQUIPMENT PLANNING SERVICES, INSTALLATION, WARRANTY, SERVICE, PARTS OR APPLICATION SUPPORT. "FOR 'E' PREFIXED CATALOG NUMBERED PRODUCTS, THE SINGLE LETTER (A THROUGH H) SHOWN AT THE END OF THE QUOTATION DESCRIPTION INDICATES THE SERVICE CODE FOR THE PRODUCT. AN EXPLANATION OF THIS CODE IS FOUND ON THE REVERSE SIDE OF THE ACCESSORIES WARRANTY INCLUDED WITH THIS QUOTATION."

PRICES SHOWN IN THIS QUOTATION DO NOT INCLUDE TAXES WHERE APPLICABLE, THEY WILL BE ADDED AND SHOWN SEPARATELY ON INVOICES AT TIME OF BILLING. IF YOU ARE TAX EXEMPT AND THIS IS YOUR FIRST ORDER WITH US, PLEASE REMIT A COPY OF YOUR TAX EXEMPTION CERTIFICATE WITH YOUR ORDER.

IF THIS ORDER INCLUDES PRODUCTS MANUFACTURED BY GE MEDICAL SYSTEMS INFORMATION TECHNOLOGIES, INC. ("GEMS IT"), AN AFFILIATE OF GENERAL ELECTRIC COMPANY, (A) GEMS IT WILL INVOICE YOU SEPARATELY FOR THE PORTION OF THE QUOTATION PURCHASE PRICE ATTRIBUTABLE TO SUCH GEMS IT PRODUCTS, PER THE SAME PAYMENT TERMS REFERENCED HEREIN, AND YOU AGREE TO PAY GEMS IT FOR SUCH PORTION OF THE PURCHASE PRICE, AND (B) UNLESS A SEPARATE GEMS IT WARRANTY IS REFERENCED IN AND ATTACHED TO THIS QUOTATION, SUCH GEMS IT PRODUCTS WILL BE COVERED BY A 12 MONTH WARRANTY PER THE TERMS OF THE GEMS CONSOLIDATED PRODUCT WARRANTY."



**Attachment**  
**Section C, Economic Feasibility, Item 2**  
**CFO Statement**

January 23, 2015

12:41 pm



January 20, 2015

Melanie M. Hill, Executive Director  
 Tennessee Health Services and Development Agency  
 500 Deaderick Street, Suite 850  
 Nashville, Tennessee 37243

RE: Advanced Diagnostic Imaging's request to allow the MRI services currently provided by Southern Sports Medicine Institute to be continued following Dr. Gautsch's employment by ADI.

Dear Ms. Hill:

Advanced Diagnostic Imaging, P.C. (d/b/a Advanced Health Partners d/b/a Southern Sports Medicine Institute) has sufficient resources available to fund all costs required for the development and establishment of the project as set forth in the certificate of need application. The funding needed for Administrative, Architectural, Engineering, Construction, and Equipment costs appears to be approximately \$625,000. Cash-on-hand will be used to fund this project.

If you need additional information, please contact me at 615-239-2039.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Gaw".

Mark Gaw  
 CFO

John J. Alarcon, MD  
 Enrique R. Arevalo, MD  
 Matthew B. Bernhard, MD  
 Steven M. Blount, MD  
 Dana Bonamino, MD  
 Robert S. Burcham, MD  
 Chad L. Calendine, MD  
 Michael C. Chan, MD  
 Michael R. Couder, MD  
 Kevin P. Cunnely, MD  
 Floyd D. Dunnavant, MD  
 Byard Edwards, III, MD  
 Tanja M. Foster, MD  
 J. Michael Friday, MD  
 Jonathan P. Gordon, MD  
 Amer A. Haque, MD  
 Iantha Harney, MD  
 Elliot H. Himmelfarb, MD  
 Jeffrey M. Huggelt, MD  
 Stephen P. Humphrey, MD  
 James C. King, III, MD  
 Michael J. Levitt, MD  
 Joe M. MacCurdy, Jr., MD  
 David L. Magaram, MD  
 Michael S. Metzman, MD  
 Paul C. Nau, MD  
 Viraj K. Parikh, MD  
 Jose J. Pratts, MD  
 Melinda R. Sava, MD  
 Steven T. Shaba, MD  
 Vineet Sharma, MD  
 Marc G. Soble, MD  
 Michael J. Spellman, Jr., MD  
 Gabriel E. Starace, MD  
 Brett L. Thorstad, MD  
 David R. Watts, MD  
 Jeffrey T. Williams, MD  
 Daniel J. Wunder, MD

**January 23, 2015**

**12:41 pm**

**Attachment**  
**Section C, Economic Feasibility, Item 4**  
**New Page 25-R**

**January 23, 2015****12:41 pm****HISTORICAL DATA CHART**

Give information for the last *three (3)* years for which **complete data** are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2011	Year 2012	Year 2013
A. Utilization Data (Specify unit of measure)	636	720	723
B. Revenue from Services to Patients			
1. Inpatient Services	\$ -	\$ -	
2. Outpatient Services	\$ 815,383	\$ 935,674	\$1,135,395
3. Emergency Services	\$ -	\$ -	\$ -
4. Other Operating Revenue (Specify)	\$ -	\$ -	\$ -
<b>Gross Operating Revenue</b>	<b>\$ 815,383</b>	<b>\$ 935,674</b>	<b>\$ 1,135,395</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 521,017	\$ 563,878	\$ 776,243
2. Provision for Charity Care	\$ 4,000	\$ 4,000	\$ 4,000
3. Provisions for Bad Debt	\$ 32,615	\$ 37,427	\$ 45,416
<b>Total Deductions</b>	<b>\$ 557,632</b>	<b>\$ 605,305</b>	<b>\$ 825,659</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 257,751</b>	<b>\$ 330,369</b>	<b>\$ 309,736</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 25,751	\$ 51,567	\$ 46,236
2. Physician's Salaries and Wages	\$ -	\$ -	\$ -
3. Supplies	\$ 887	\$ 861	\$ 135
4. Taxes	\$ 975	\$ 832	\$ 1,020
5. Depreciation	\$ -	\$ -	\$ -
6. Rent	\$ 5,042	\$ 5,042	\$ 5,042
7. Interest, other than Capital	\$ -	\$ -	\$ -
8. Management Fees:			
a. Fees to Affiliates	\$ -	\$ -	\$ -
b. Fees to Non-Affiliates	\$ 43,605	\$ 48,535	\$ 52,955
9. Other Expenses (Specify) <u>See Attached</u>	\$ 11,120	\$ 2,473	\$ 5,809
<b>Total Operating Expenses</b>	<b>\$ 87,380</b>	<b>\$ 109,310</b>	<b>\$ 111,198</b>
E. Other Revenue (Expenses) – Net (Specify)			
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 170,371</b>	<b>\$ 221,059</b>	<b>\$ 198,538</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ -	\$ -	\$ -
2. Interest	\$ -	\$ -	\$ -
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 170,371</b>	<b>\$ 221,059</b>	<b>\$ 198,538</b>

**January 23, 2015**

**12:41 pm**

**Attachment**  
**Section C, Need, Item 5**  
**SRMC 2013 JAR (MRI pages 2, 11)**

January 23, 2015

12:41 pm

State ID 83244TENNESSEE DEPARTMENT OF HEALTH  
JOINT ANNUAL REPORT OF HOSPITALS

2013

## SCHEDULE A - IDENTIFICATION\*

1. Name of Hospital Sumner Regional Medical Center Federal Tax I.D. # 27-2618766  
 Did your facility name change during the reporting period? ☐ YES ☒ NO  
 County Sumner

2. Address of Street 555 Hartsville Pike State Tennessee Zip 37066-240  
 Facility City Gallatin

3. Telephone Number (615) 328-6600  
 Area Code Number

4. Name of Chief Executive Officer Susan Peach Last Name  
 Signature of Chief Executive Officer \_\_\_\_\_

5. Name of person(s) coordinating form completion Tina Norman  
 Telephone Number if different than above (615) 328-5035 Area Code Number

6. 155 Office Use Only

7. Reporting period used for this facility: Beginning Date 01/01/2013 Ending Date 12/31/2013

8. 365 Office Use Only

9. Does your hospital own or operate or have other hospitals licensed as satellites of your hospital? ☐ YES ☒ NO  
 If yes, please complete the following.

NAME OF HOSPITAL	STATE ID	SATELLITE	OWN	OPERATE	OWN AND OPERATE
1 _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

January 23, 2015

12:41 pm

State ID 83244

## SCHEDULE D - SERVICES (continued)\*

Utilization of Selected Services	Is This Service Provided In Your Hospital?		To Inpatients		To Outpatients	
	YES	NO	Unit of Measure	Number	Unit of Measure	Number
<b>C. Radiology:</b>						
Computerized Tomographic Scanners CT/CAT						
# fixed units inside hospital	<input type="radio"/>	<input checked="" type="radio"/>	Patients	0	Visits	0
# fixed units off site			Procedures	0	Procedures	0
# of mobile units			Procedures	0	Procedures	0
# days per week (mobile units)			Procedures	0	Procedures	0
Ultrafast CT						
# fixed units inside hospital	<input checked="" type="radio"/>	<input type="radio"/>	Patients	2,646	Visits	10,116
# fixed units off site			Procedures	3,567	Procedures	10,314
# of mobile units			Procedures	0	Procedures	1,820
# days per week (mobile units)			Procedures	0	Procedures	0
Magnetic Resonance Imaging						
# fixed units inside hospital	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	922	Procedures	1,948
# fixed units off site			Procedures	0	Procedures	4,090
# of mobile units			Procedures	0	Procedures	0
# days per week (mobile units)			Procedures	0	Procedures	0
Nuclear Medicine						
# fixed units inside hospital	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	1,352	Procedures	4,635
# fixed units off site	<input type="radio"/>	<input checked="" type="radio"/>	Procedures	0	Procedures	0
# of mobile units	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	1	Procedures	6
# days per week (mobile units)	<input type="radio"/>	<input checked="" type="radio"/>	Procedures	0	Procedures	0
Radium Therapy						
# fixed units inside hospital	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	0	Procedures	0
# fixed units off site	<input type="radio"/>	<input checked="" type="radio"/>	Procedures	0	Procedures	0
# of mobile units	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	0	Procedures	0
# days per week (mobile units)	<input type="radio"/>	<input checked="" type="radio"/>	Procedures	0	Procedures	6,416
Mammography						
# of ACR accredited units	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	0	Procedures	0
# other fixed units inside hospital			Procedures	0	Procedures	0
# other fixed units off site			Procedures	0	Procedures	0
# of mobile units			Procedures	0	Procedures	0
# days per week (mobile units)			Procedures	0	Procedures	0
Bone Densitometry						
# of units	<input checked="" type="radio"/>	<input type="radio"/>	Procedures	0	Procedures	759

**Attachment**  
**Section C, Economic Feasibility, Item 9**  
**New page 29-R**



**January 23, 2015****12:41 pm**

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**Response:** In 2013, 15.9% of the scans performed were for Medicare patients. 9.3% of the scans performed were for TennCare patients insured by United Healthcare Community Plan (Americhoice), the largest TennCare MCO in the region, the only TC MCO which Southern Sports Medicine Institute has contracted with. Preliminary 2014 data shows slight increases in both at MC 17.7% and TC 11.6%. As a part of ADI, and its expanded number of contracts, including with Amerigroup BlueCare, and TennCare Select, the number of TennCare patients that will utilize the scanner will likely increase.

For the past 18 years, Dr. Gautsch and Southern Sports Medicine Institute have provided emergency orthopedic surgical care to medically indigent patients whenever asked to do so as specialists on call. Additionally, medically indigent patients are also seen at SSMI for elective orthopedic care through the Sumner County Salvus Center as one of its panel specialists. The Salvus Center was established by physicians and several community leaders in conjunction with the then, not for profit local hospital in Gallatin, in order to provide coordinated and comprehensive care for the medically indigent of Sumner County. Services are provided for a small fee based on a sliding scale and ability to pay.

Each of the participant providers provides discounted care in their specialty, with the community hospital having agreed to provide MRI scans, among other discounted services, with interpretation for \$50 per scan. A few years ago, when the local hospital was sold and converted into a for-profit facility, one of the Sumner County Commission's stipulations to that sale was a continuation of the Salvus Center arrangement. Both Sumner County hospitals now participate in the program similarly.

At present, virtually all medically indigent patients in Sumner County needing MRI scans obtain them through this program at one of the four fixed whole body scanners. Charity scans have been provided at SSMI as necessary for those few patients who were unable to be scanned through Salvus for some reason, or could/would not participate in the Salvus Center. However, the Salvus program is quite robust and therefore typically only about 4 charity scans per year have come to us.

**Historical and Projected Service Payor Mix**

<b>Payor Source</b>	<b>2013 SSMI Gross Revenue (as a % of total)</b>	<b>Year 1 Applicant's Projected Gross Revenue</b>	<b>Year 1 Gross Revenue by Payor Source as a % of total</b>
Medicare	17.7%	\$270,692	17.7%
TennCare	11.6%	\$177,403	11.6%
Managed care	10.3%	\$157,521	10.3%
Commercial	57.6%	\$880,896	57.6%
Self-Pay	0.5%	\$7,647	0.5%
Other	2.3%	\$35,175	2.3%
Total	100.0%	\$1,529,334	100.0%

10. Provide copies of the balance sheet and income statement from the most recent reporting period

# **ORIGINAL- Additional Info. SUPPLEMENTAL-1**

**Southern Sports Medicine  
CN1501-002**

TRAUGER & TUKE  
ATTORNEYS AT LAW  
THE SOUTHERN TURF BUILDING  
222 FOURTH AVENUE NORTH  
NASHVILLE, TENNESSEE 37219-2117  
TELEPHONE (615) 256-8585  
TELECOPIER (615) 256-7444

SUPPLEMENTAL

January 29, 2015

***VIA HAND DELIVERY***

Mr. Philip J. Grimm, MHA  
HSDA Reviewer  
Health Services & Development Agency  
502 Deaderick Street, Ninth Floor  
Nashville, Tennessee 37243

RE: Certificate of Need Application CN1501-002  
Advanced Diagnostic Imaging, P.C. d/b/a  
Southern Sports Medicine Institute

Dear Mr. Grimm:

This letter responds to the supplemental request for additional information on this application. Enclosed is the original and three copies of the response to additional information. Please date stamp an additional enclosed copy of these responses and return it to me.

Thank you for your assistance.

Very truly yours,

  
Byron R. Trauger

BRT:kmn

Enclosures

Cc: Thomas L. Gautsch, MD  
Ryan D. Brown, Esq.

AFFIDAVIT

SUPPLEMENTAL

STATE OF TENNESSEE

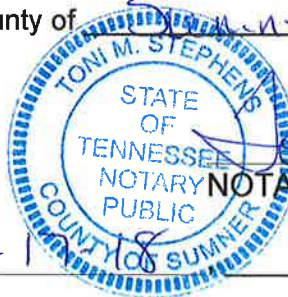
COUNTY OF Sumner

NAME OF FACILITY: ADDI 2/6/9 Southern Spine Medicine  
Institute

I, Thomas Gautschi, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28<sup>th</sup> day of Jan, 2015,  
witness my hand at office in the County of Sumner, State of Tennessee.



Toni M. Stephens  
NOTARY PUBLIC

My commission expires 12-1-18.

HF-0043

Revised 7/02

January 27, 2015

Philip Grimm, MHA  
HSDA Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9th floor,  
502 Deaderick St.  
Nashville, TN 37243

RE: Certificate of Need Application CN1501-002  
Advanced Diagnostic d/b/a Southern Sports Medicine Institute

Dear Mr. Grimm,  
Following is the addendum response to your January 16 set of supplemental questions:

**Additional Information - Supplemental 1**

**12. Section C, Economic Feasibility, Item 4**

Projected Data Chart -

Please identify the amounts budgeted in Operating Expenses pertaining to imaging interpretation fees by radiologists.

**Response:** \$134,505 and \$135,246 in Years 1 and 2 respectively.

Historically and currently at SSMI, studies are read by non-affiliated Radiologists. For commercially reimbursed studies, reading is billed to SSMI at a per study cost. The Radiologists directly bill government plans that require it for the studies so covered. After approval, all studies will be billed "globally" by ADI to all payors. A fee for reading -- the professional component -- will be attributed to the "affiliated" ADI Radiologists reading them, accounted as an expense to this care center.

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